WILLAS-ARRAY

威雅利電子（集團）有限公司
WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

Stock code: 854

LISTING BY WAY OF INTRODUCTION



Sole Sponsor

八方金融有限公司
OCTAL Capital Limited

IMPORTANT

If you are in any doubt about this Listing Document, you should consult your stockbroker, bank manager, solicitor, professional accountant or other independent professional advisers.

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LISTING BY WAY OF INTRODUCTION ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Sole Sponsor

八方金融有限公司 OCTAL Capital Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Listing Document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Listing Document.

This Listing Document is published in connection with the Introduction on the Main Board of the Stock Exchange and contains particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Hong Kong Listing Rules solely for the purpose of giving information with regard to our Company and subsidiaries.

This Listing Document does not constitute an offer of, nor is it calculated to invite offers for, Shares or other securities of our Company, nor have any such shares or other securities been allotted with a view to any of them being offered for sale to or subscription by the public. No new Shares will be allotted and issued in connection with, or pursuant to, this Listing Document.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Listing Document, including the risk factors set out in the section headed "Risk Factors" in this Listing Document. Information regarding the proposed arrangements for the listing of, and dealings and settlement of dealings in, our Shares following the Introduction is set out in the section headed "Listings, Registration, Dealings and Settlement" in this Listing Document.

November 29, 2013

EXPECTED TIMETABLE

Commencement of investor education activities as described in the section headed "Listings, Registration, Dealings and Settlement" in this Listing Document from ..... November 29, 2013

- posting on our Company's website of information factsheets about our Company, historical financial information and Share transfer procedures

- dissemination of electronic copies of this Listing Document through the respective websites of our Company at www.willas-array.com, the Stock Exchange at www.hkexnews.hk and the SGX-ST at www.sgx.com

- making available for collection of physical copies of this Listing Document

Daily announcement released on the respective websites of the Stock Exchange at www.hkexnews.hk and the SGX-ST at www.sgx.com, disclosing the previous day closing price (in both Singapore dollars and Hong Kong dollars for reference) of our Shares on the SGX-ST, and developments and updates, if any, with regard to the bridging arrangements described in the section headed "Listings, Registration, Dealings and Settlement" in this Listing Document on ..... December 3, December 4 and December 5, 2013, and not later than 8:30 a.m. on December 6, 2013

Dealings in our Shares on the Stock Exchange to commence at 9:00 a.m. on .....December 6, 2013

Note:

Particulars of the Introduction are set out in the section headed "Information about this Listing Document and the Introduction" in this Listing Document. We will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the above expected timetable of the Introduction.

CONTENTS

We have not authorized anyone to provide you with information that is different from what is contained in this Listing Document. Any information or representation not made in this Listing Document must not be relied on by you as having been authorized by us, our Directors, our Sole Sponsor, any of their respective directors or any other persons or parties involved in the Introduction.

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SUMMARY

This summary aims to give you an overview of the information contained in this Listing Document. As this is a summary, it does not contain all the information that may be important to you. You should read this Listing Document in its entirety, including our financial statements and the accompanying notes, before you decide to invest in our Shares. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed "Risk Factors" in this Listing Document. You should read that section carefully before you decide to invest in our Shares. Various expressions used in this summary are defined in the section headed "Definitions" in this Listing Document.

INTRODUCTION

We are a long established and renowned provider of electronic components and engineering solutions to industrial and commercial users in the Greater China region, based on the numerous awards we received from industry publications and our principal suppliers in recognition of our contribution as a distributor in the electronic components market. For the financial year ended March 31, 2013, we recorded a revenue of approximately HK$3,157.6 million, 99.3% of which was derived from our trading of electronic components business segment. Within our trading of electronic components business segment, our business activities consist primarily of (i) pure distribution of electronic components, (ii) integration of solution kits, and (iii) provision of engineering solutions services; and provision of engineering solutions further consists of provision of (a) general reference design, and (b) tailor-made solutions.

We distribute a wide range of electronic components for use in the industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments. However, as opposed to being a pure distributor, we also act as an integrator of solution kits and engineering solution provider to provide a broad range of value-added services from integrating various electronic components for our customers' solution kits to the creation of engineering solutions that are complementary to our customer's product design needs, by utilizing our proprietary know-how and special features of the products we distribute. Although we amortize these value-added services into our unit sales prices and do not record them as separate sources of revenue, they are critical to our success and enable us to sustain our profit margins despite the severe competition in the electronic components distribution industry. Our Directors believe that our solution based business model has enabled us to create demand for the products we distribute through provision of these value-added services tailor-made to suit our customers' requirements.

Headquartered in Hong Kong, we are one of the major pioneering distributors to have penetrated the PRC electronic components market for more than 20 years. In our efforts to further penetrate the growing electronic components distribution market in the PRC, we have established a network of sales and representative offices strategically located in eight major cities in the PRC, including Beijing, Chengdu, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen and Zhongshan, supported by two regional headquarters of business operations in Shanghai and Shenzhen. In 2005, we also established an overseas office in Taipei, to tap into the growing number of large Taiwanese electronic manufacturers doing business in the PRC.

BUSINESS MILESTONES

The key milestones of our business development that are material to our current business are as follows:

1981	•	Establishment of Willas Company Limited
1982	•	Establishment of Array Electronics Limited (now known as Willas-Array Electronics (Hong Kong) Limited)
1992	•	Establishment of Willas-Array (Holdings) Limited
2001	•	Listing on the Main Board of the SGX-ST
2006	•	Acquisition of ValenceTech Limited
2012	•	Establishment of GW Electronics Company Limited

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
	(HK$ in thousands, except percentages)				
Revenue	3,797,120	3,262,086	3,157,597	1,105,763	1,076,566
Cost of sales	(3,411,444)	(2,959,401)	(2,851,940)	(997,287)	(958,298)
Gross profit	385,676	302,685	305,657	108,476	118,268
Profit before tax	110,044	55,885	54,443	19,617	20,343
Income tax expense	(22,209)	(13,132)	(13,144)	(4,468)	(6,362)
Profit for the year/period	87,835	42,753	41,299	15,149	13,981
Profit (loss) attributable to:					
Owners of the Company	86,010	44,518	45,838	15,123	14,994
Non-controlling interests	1,825	(1,765)	(4,539)	26	(1,013)
	87,835	42,753	41,299	15,149	13,981
Gross profit margin	10.2%	9.3%	9.7%	9.8%	11.0%
Net profit margin	2.3%	1.4%	1.5%	1.4%	1.4%

During the three financial years ended March 31, 2013, following an exceptionally well financial year that ended March 31, 2011, we focused our business efforts on sustaining our gross profit margin and maintaining a healthy market share to counteract the negative effects of the European sovereign debt crisis that began in late 2011 and the slowdown of the PRC economy that began in 2012. As such, our revenue decreased approximately 14.1% for the financial year ended March 31, 2012, and another approximately 3.2% for the financial year ended March 31, 2013. Our Directors consider the major reasons affecting our financial performance during the three financial years ended March 31, 2013 were macroeconomic factors. For the four months ended July 31, 2013, our revenue was approximately 2.6% lower than that for the same period in 2012, which was primarily due to the gradual transfer of

Toshiba-related business to GW Electronics Company Limited. Please refer to the sub-section headed "History, Development and Corporate Structure — Our Corporate History and Development — Establishment of GW Electronics Company Limited" in this Listing Document for further information on the transfer of business.

Generally, we were able to sustain our gross profit margin despite the severe competition in the electronic components distribution industry, primarily due to our ability to provide various value-added services that were tailor-made to our customers' requirements. Despite the decline in revenue, we sustained our gross profit margins at approximately 10.2%, 9.3%, 9.7% and 11.0%, respectively, for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013. We also sustained our net profit margins at approximately 2.3%, 1.4%, 1.5% and 1.4%, respectively, for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, primarily due to our stable cost structure.

Affected by technological changes, market competition, and fluctuations in the global supply of and demand for electronic products, our Directors believe that the selling prices of electronic components may vary and/or fluctuate in the future. Therefore, the sustainability of our profit will depend upon our ability to maintain our competitiveness in the market and to provide quality products and value-added services to our customers. We cannot assure you that we will be able to maintain our profit margins at the current level in the coming years. Our performance may be adversely affected by any decrease in our profit margins.

Revenue by Application Segments

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Application segments:										
Industrial	750,936	19.8%	745,923	22.9%	735,829	23.3%	244,196	22.1%	273,951	25.4%
Telecommunications	517,140	13.6%	478,318	14.6%	519,841	16.5%	172,170	15.6%	140,967	13.1%
Dealers	549,027	14.5%	439,722	13.5%	462,232	14.6%	145,904	13.2%	165,577	15.4%
Home appliances	332,160	8.7%	371,663	11.4%	365,537	11.6%	148,681	13.4%	121,380	11.3%
EMS	473,168	12.5%	306,342	9.4%	242,050	7.7%	93,954	8.5%	78,988	7.3%
Automotive	196,681	5.2%	187,632	5.7%	219,638	7.0%	74,754	6.7%	78,578	7.3%
Audio and video	512,584	13.5%	359,144	11.0%	316,654	10.0%	111,481	10.1%	113,920	10.6%
Lighting	224,536	5.9%	181,481	5.6%	149,406	4.7%	62,827	5.7%	50,953	4.7%
Others	240,888	6.3%	191,861	5.9%	146,410	4.6%	51,796	4.7%	52,252	4.9%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

Revenue by Product Categories

	Financial Year Ended March 31,												Four Months Ended July 31,							
	2011				2012				2013				2012				2013			
	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost
														(unaudited)						
	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)
Product categories:																				
Active components:																				
Integrated circuits	1,443,343	409,675	3.523	3.159	1,198,838	375,978	3.189	2.888	1,176,524	380,727	3.090	2.816	407,322	128,793	3.163	2.857	396,284	120,517	3.288	2.975
Discrete components	918,439	958,849	0.958	0.847	835,418	778,945	1.072	0.963	744,059	685,642	1.085	0.986	261,949	242,329	1.081	0.980	239,139	220,838	1.083	0.979
Passive and interconnecting components	1,435,338	11,401,395	0.126	0.114	1,227,830	7,504,203	0.164	0.150	1,237,014	9,298,754	0.133	0.119	436,492	2,888,404	0.151	0.136	441,143	3,748,996	0.118	0.102
Total	3,797,120	12,769,919	0.297	0.267	3,262,086	8,659,126	0.377	0.342	3,157,597	10,365,123	0.305	0.275	1,105,763	3,259,526	0.339	0.306	1,076,566	4,090,351	0.263	0.234

Gross Profit and Gross Profit Margin by Application Segments

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
							(unaudited)			
	(HK$ in thousands, except percentages)									
Application segments:										
Industrial	72,934	9.7%	61,625	8.3%	64,023	8.7%	20,425	8.4%	30,836	11.3%
Telecommunications	53,198	10.3%	40,818	8.5%	60,875	11.7%	19,186	11.1%	17,803	12.6%
Dealers	55,924	10.2%	33,470	7.6%	30,685	6.6%	10,940	7.5%	11,173	6.7%
Home appliances	30,063	9.1%	29,314	7.9%	31,601	8.6%	11,359	7.6%	12,491	10.3%
EMS	30,248	6.4%	22,803	7.4%	18,523	7.7%	7,380	7.9%	6,863	8.7%
Automotive	17,997	9.2%	15,786	8.4%	16,730	7.6%	5,865	7.8%	7,699	9.8%
Audio and video	78,045	15.2%	58,938	16.4%	49,808	15.7%	20,313	18.2%	17,847	15.7%
Lighting	25,412	11.3%	21,440	11.8%	15,908	10.6%	6,806	10.8%	6,602	13.0%
Others	21,855	9.1%	18,491	9.6%	17,504	12.0%	6,202	12.0%	6,955	13.3%
Total	385,676	10.2%	302,685	9.3%	305,657	9.7%	108,476	9.8%	118,268	11.0%

Gross Profit and Gross Profit Margin by Product Categories

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
							(unaudited)			
	(HK$ in thousands, except percentages)									
Product categories:										
Active components										
Integrated circuits ..	149,252	10.3%	113,022	9.4%	104,331	8.9%	39,409	9.7%	37,725	9.5%
Discrete components	105,866	11.5%	85,554	10.2%	67,916	9.1%	24,390	9.3%	23,006	9.6%
Passive and interconnecting components	130,558	9.1%	104,109	8.5%	133,410	10.8%	44,677	10.2%	57,537	13.0%
Total	385,676	10.2%	302,685	9.3%	305,657	9.7%	108,476	9.8%	118,268	11.0%

Key Financial Ratios

	As of/For the Financial Year Ended			As of/For the Four Months Ended
	March 31, 2011	March 31, 2012	March 31, 2013	July 31, 2013
Key financial ratios:				
Current ratio[(1)]	1.3 times	1.5 times	1.4 times	1.3 times
Gearing ratio[(2)]	167.1%	100.3%	109.8%	120.1%
Return on total assets[(3)]	5.3%	2.9%	3.2%	—
Return on equity[(4)]	19.5%	8.9%	8.5%	—

Notes:

(1) Current ratio is derived by dividing current assets by current liabilities at the end of a given period.

(2) Gearing ratio is derived by dividing total debt by Shareholders' equity at the end of a given period. Total debt represents interest-bearing bank loans, trust receipt loans and bills payables.

(3) Return on total assets is derived by dividing profit attributable to our Shareholders by total assets. Total assets are the average beginning and ending balance of total assets within a given period. Return on total assets for the four months ended July 31, 2013 is not comparable to full year figures.

(4) Return on equity is derived by dividing profit attributable to our Shareholders by Shareholders' equity. Shareholders' equity is the average beginning and ending balances of the Shareholders' equity within a given period. Return on equity for the four months ended July 31, 2013 is not comparable to full year figures.

UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2013

The following tables summarize our selected unaudited results for the six months ended September 30, 2012 and 2013 and as of September 30, 2013, which are extracted from and have been prepared in accordance with the basis set forth in the Unaudited Interim Condensed Consolidated Financial Statements, the text of which is set forth in Appendix II to this Listing Document. Results for the six months ended September 30, 2013 may not be indicative of our full year results for the financial year ending March 31, 2014 or any future periods. Please refer to the sub-section headed "Financial Information — Unaudited Financial Information for the Six Months Ended September 30, 2013" in this Listing Document for the detailed analysis of our unaudited interim results.

Selected Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six Months Ended September 30,	
	2012	**2013**
	(unaudited)	**(unaudited)**
	(HK$ in thousands, except percentages)	
Revenue	1,667,356	1,628,996
Cost of sales	(1,506,030)	(1,454,907)
Gross profit	161,326	174,089
Profit before tax	29,024	30,450
Income tax expense	(7,284)	(9,044)
Profit for the period	21,740	21,406
Profit attributable to:		
Owners of the Company	22,425	23,595
Non-controlling interests	(685)	(2,189)
	21,740	21,406
Gross profit margin	9.7%	10.7%
Net profit margin	1.3%	1.4%

Selected Consolidated Statement of Financial Position

	As of March 31, 2013	As of September 30, 2013
		(unaudited)
	(HK$ in thousands)	
Current assets		
Cash and cash equivalents	390,395	380,838
Trade and bills receivables	503,125	601,608
Inventories	353,561	455,593
Other current assets	18,689	17,775
Total current assets	1,265,770	1,455,814
Current liabilities		
Trust receipt loans	421,473	580,209
Trade and bills payables	295,400	339,117
Other payables	38,226	46,284
Bank borrowings	168,300	145,300
Other current liabilities	4,548	12,774
Total current liabilities	927,947	1,123,684
Net current asset	337,823	332,130

PRINCIPAL SUPPLIERS AND CUSTOMERS

We source most of the electronic components we distribute from over 20 internationally reputable principal manufacturers of electronic components, such as STMicroelectronics Asia Pacific (Pte) Ltd., Asahi Kasei Microdevices Corp., Murata Company Ltd., Toshiba Electronics Asia Ltd. and New Japan Radio Co., Ltd. We maintained between nine to 32 years of business relationships with our major principal suppliers for the three financial years ended March 31, 2013 and the four months ended July 31, 2013. Our purchases from our five largest principal suppliers together accounted for approximately 82.2%, 75.9%, 84.8% and 85.2% of our cost of sales for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, while our purchases from our largest principal supplier accounted for approximately 32.2%, 32.0%, 41.0% and 38.2%, respectively, of our cost of sales for the same periods.

We have established a large and diversified customer base of more than 3,000 customers that manufactures for a variety of industries, which include audio and video, industrial, telecommunications, home appliances, automotive, lighting and other application segments. Our customers mainly consist of well-known consumer electronic brands, OEMs, ODMs, CMs and other industrial and commercial customers. These companies range from multinational companies to medium-sized corporations in the PRC. We have maintained between three to 11 years of business relationship with our major customers for the three financial years ended March 31, 2013 and the four months ended July 31, 2013. Our five largest customers together accounted for approximately 17.7%,

13.1%, 12.9% and 13.4% of our total revenue for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, while our largest customer accounted for approximately 7.2%, 3.9%, 3.0% and 4.1%, respectively, of our total revenue for the same periods.

RECENT DEVELOPMENTS

Our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial, operational or trading positions or our prospects since September 30, 2013, and there has been no event since September 30, 2013 that would materially affect the financial information as shown in the Accountants' Report set out in Appendix I and the Unaudited Interim Condensed Consolidated Financial Information set out in Appendix II to this Listing Document. There have been no material fluctuations in our revenue and gross profit for the month October 2013 and up to the Latest Practicable Date as compared to the same period in 2012. Our Directors also confirm that we did not have any material non-recurring income or expenses for the month October 2013 and up to the Latest Practicable Date, save for certain expenses incurred in relation to the Listing.

Listing Expenses

We expect our total listing expenses, which are non-recurring in nature, to amount to approximately HK$26.0 million. The listing expenses are payable by our Company. We expect to recognize the full amount of our listing expenses in the statement of comprehensive income for the financial year ending March 31, 2014. During the four months ended July 31, 2013, listing expenses of approximately HK$10.3 million were recognized. Our Directors would like to emphasize that the listing expenses are a current estimate for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Listing (without taking into account of any Shares that may be allotted and issued pursuant to the exercise of the options granted under ESOS II), the following persons will have an interest and/or short position in our Shares and/or the underlying Shares that would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest in our Company immediately following the Listing (%)
Leung Chun Wah[(1)(2)]	Deemed interest by virtue of interest held by spouse	3,659,700	0.98
	Beneficiary of a trust	90,499,154	24.28

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest in our Company immediately following the Listing (%)
Cheng Wai Yin, Susana[3]	Beneficial owner	3,659,700	0.98
	Deemed interest by virtue of interest held by spouse	90,499,154	24.28
Max Power[4]	Beneficial owner	90,499,154	24.28
HSBC International Trustee Limited	Trustee	90,499,154	24.28
Kwok Chan Cheung[5]	Interest in a controlled corporation	39,477,771	10.59
Global Success[5]	Beneficial owner	39,477,771	10.59
Hung Yuk Choy	Beneficial owner	25,801,194	6.92

Notes:

(1) Leung Chun Wah is deemed under the SFO to be interested in the 3,659,700 Shares held by his spouse Cheng Wai Yin, Susana.

(2) Leung Chun Wah and his family members are the ultimate beneficiaries of a discretionary trust of which HSBC International Trustee Limited is the trustee. The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(3) Cheng Wai Yin, Susana, the spouse of Leung Chun Wah, is deemed under the SFO to be interested in the Shares held by Leung Chun Wah.

(4) The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC International Trustee Limited is deemed to be interested in all of the Shares held by Max Power. Our Director, Leung Chun Wah and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(5) Global Success, which is wholly-owned by Kwok Chan Cheung, is the beneficial owner of 39,477,771 Shares, of which up to 39,477,771 Shares were made available to be lent to the Bridging Dealer pursuant to the Stock Borrowing and Lending Agreement. By virtue of the SFO, Kwok Chan Cheung is deemed to be interested in all of the Shares held by Global Success.

During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, there has been no change to the shareholdings of our Substantial Shareholders, namely Max Power and Global Success, apart from the immaterial dilution resulting from the issue of Shares upon the exercise of options granted under the Existing Employee Share Option Scheme during such period.

Leung Chun Wah undertakes to comply with the requirements under the Singapore Listing Manual and the Hong Kong Listing Rules, and to do all acts reasonably required of him to enable us to comply with our disclosure obligations under the Singapore Listing Manual and the Hong Kong Listing Rules.

DIVIDEND POLICY

We declared dividends in each of the three financial years ended March 31, 2011, 2012 and 2013 of approximately HK$38.5 million, HK$29.5 million and HK$22.9 million, representing approximately 44.8%, 66.3% and 49.9%, respectively, of our net profit attributable to owners of our Company. Our Directors consider that, in general, the amount of any future dividends to be declared by our Company will depend on our results, working capital, cash position, capital requirements, the provisions of the relevant laws and other factors as may be considered relevant at such time by our Directors. Our Directors currently have no intended dividend payout ratio for the financial year ending March 31, 2014. Historical declarations of dividends might not reflect our Company's future declarations of dividends and any future dividends will be at the absolute discretion of our Directors. Future dividend payments by our Company may also depend upon the availability of dividends received from our subsidiaries in China.

LISTING AND ARRANGEMENT

Reasons for the Dual Primary Listing and the Introduction

Our Company has been listed on the Main Board of the SGX-ST since July 2001. As of the Latest Practicable Date, the trading price of our Shares on the SGX-ST was S$0.16 and the trading volume was 31,000 Shares, accounting for approximately 0.01% of our total issued share capital. For more information on our trading prices and average daily trading volumes, please refer to the sub-section headed "Share Capital — Trading Information" in this Listing Document. While our Directors consider that it is important to maintain our Singapore listing, they consider that it would be desirable and beneficial for our Company to have a dual primary listing of our Shares in both Hong Kong and Singapore as our Directors believe that the stock markets in Hong Kong and Singapore attract different investors. The dual primary listing is likely to provide us with ready access to two different equity markets if any opportunity arises. It could also increase our investor base. Further, listing on the Stock Exchange could enhance our profile in Hong Kong and the PRC, facilitate investment by Hong Kong investors, enable us to gain access to Hong Kong's capital markets and benefit us by exposing us to a wide range of private and institutional investors. Our Directors consider that this is important for our potential future growth and long term development, since in particular, our operations are principally located in Hong Kong and in the PRC.

Removal of Shares

Currently, all of our Shares are registered on the Bermuda Principal Share Register. For purposes of trading on the Stock Exchange following the Listing, our Shares must be registered on the Hong Kong Branch Share Register. Shares may be transferred between the Bermuda Principal Share Register and the Hong Kong Branch Share Register. An investor who wishes to trade on the SGX-ST must have his Shares registered on the Bermuda Principal Share Register in the name of CDP and must deposit

the share certificates in respect of such Shares with CDP. An investor who wishes to trade on the Stock Exchange following the Listing must have his Shares registered on the Hong Kong Branch Share Register by removing them from the Bermuda Principal Share Register to the Hong Kong Branch Share Register. Please refer to the sub-section headed "Listings, Registration, Dealings and Settlement — Removal of Shares" in this Listing Document for the procedures in relation to such removal of Shares.

Bridging Arrangements

In connection with the Listing, the Bridging Dealer has been appointed as bridging dealer and intends to implement the bridging arrangements described in the sub-section headed "Listings, Registration, Dealings and Settlement — Bridging Arrangements" in this Listing Document. The bridging arrangements are intended to facilitate the migration of Shares to the Hong Kong Branch Share Register in order for an open market in our Shares to develop in Hong Kong following the Listing.

In connection with the bridging arrangements, the Bridging Dealer entered into a Stock Borrowing and Lending Agreement with Global Success (as lender) under which Global Success will make available to the Bridging Dealer Share lending facilities up to 39,477,771 Shares or up to approximately 10.59% of our Shares in issue, on one or more occasions, subject to the applicable laws, rules and regulations in Singapore and Hong Kong, including without limitation that the lending and the subsequent acceptance of redelivery of any Shares by Global Success, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Please refer to the sub-section headed "Listings, Registration, Dealings and Settlement — Bridging Arrangements" in this Listing Document for further details.

Special Arrangements to Facilitate Transfers Prior to the Listing

Special arrangements have been made to facilitate transfers of Shares prior to the Listing. In connection with the Listing, the Singapore Transfer Agent and the Hong Kong Branch Registrar will provide three batch-transfers of Singapore-listed Shares for Shareholders seeking to transfer their Shares to the Hong Kong Branch Share Register prior to the Listing (the "**Batch-Transfers**").

The key dates in relation to the Batch-Transfers are set out below:

Events	First Batch-Transfer	Second Batch-Transfer	Third Batch-Transfer
Final date to submit a request for withdrawal of securities form to CDP and a removal request form to the Singapore Transfer Agent.....	November 20, 2013	November 27, 2013	December 4, 2013

Events	First Batch-Transfer	Second Batch-Transfer	Third Batch-Transfer
Share certificates available for collection from the Hong Kong Branch Registrar's office.....	December 4, 2013	December 11, 2013	December 18, 2013

Shareholders who hold their Shares directly in CDP can complete and submit the request for withdrawal of securities form to CDP and a removal request form to the Singapore Transfer Agent before the relevant dates stipulated above in order to participate in the Batch Transfers.

Our Company will bear the costs, fees and duties payable for the Batch-Transfers. Withdrawal fees payable to CDP will be borne by the relevant Shareholders and CDP's existing charges will still apply, together with any other costs to be levied by such Shareholders' own brokers, nominees or custodians (where relevant).

Our Company has made arrangements to inform our Shareholders and the Singapore investing public of details of the Listing and the Batch-Transfers procedures by way of announcements on the respective websites of our Company at www.willas-array.com and the SGX-ST at www.sgx.com.

RISK FACTORS

We believe that there are certain risks involved in our operations, some of which are beyond our control. In particular, our business, financial condition and results of operations are subject to, among others, the following material risk factors:

- Our business, financial condition and results of operations could be adversely affected by the global economic downturn and adverse market conditions.
- Our financial performance could be adversely affected by a global shortage of key components.
- Fluctuations in our purchase prices of electronic components that we are unable to pass on to our customers could adversely affect our results of operations, profit margins and profitability.
- We are dependent on our principal suppliers. If our distribution agreements with these principal suppliers are terminated, interrupted, or adversely modified, our business, financial condition and results of operations could be adversely affected.
- We do not always enter into long-term agreements with our customers, and some of them may cancel, change or postpone their orders.

For more details of these and additional material risk factors we have identified, please refer to the section headed "Risk Factors" in this Listing Document beginning on page 31.

HISTORICAL NON-COMPLIANCES

The following table sets forth a summary of our non-compliance incidents during the three financial years ended March 31, 2013, and up to the Latest Practicable Date.

Non-compliance incidents	Potential maximum penalty	Rectification actions taken and status of past non-compliance incidents
Non-registration of lease agreements Eight of the lease agreements of our leased properties in the PRC have not been registered with the relevant PRC governmental authorities.	A fine of up to RMB10,000 for the non-registration of each lease agreement if the lessors and we cannot rectify such non-compliance within a prescribed time as required by the relevant authorities. With eight non-registered lease agreements, a total fine of up to RMB80,000.	We have sent and will continue to send out reminders to the lessors of the relevant leased properties to request them to complete the filing and registration procedures, however as we have no control of our lessors, we cannot estimate the time it will take for our lessors to complete the filing and registration procedures.
Non-compliance with the rules of ESOS II and Rule 853 ("Rule 853") of the Singapore Listing Manual regarding issuance of stock options to an associate of our Controlling Shareholder 966,000 options were granted to an employee of our Group who is an associate of our Controlling Shareholder (as defined under the Singapore Listing Manual), Leung Chun Wah, which was in contravention of the rules of the ESOS II and without adherence to the additional procedural requirements prescribed by Rule 853.	We have announced details of the erroneous grant of options to Leung Chi Hang, Daniel, an associate of our Controlling Shareholder, Leung Chun Wah, and the rectification actions that we have undertaken on May 21, 2013 on the SGX-ST. As of the Latest Practicable Date, we have not received any responses from the SGX-ST regarding the potential legal consequences or penalty concerning our erroneous grant of options to Leung Chi Hang, Daniel.	We have cancelled all outstanding options held by the associate of our Controlling Shareholder, Leung Chun Wah, as a result of the erroneous grant, by way of a deed entered into by our Company and the associate of our Controlling Shareholder, Leung Chun Wah, acknowledging the rescission of the agreement between them relating to the options granted. We have put in place additional procedures to tighten our internal controls over the grant of options under our employee share option schemes to ensure that such lapses will not recur.
Non-compliance with the Companies Ordinance All of our subsidiaries incorporated in Hong Kong have historically failed to lay audited accounts within the time frame specified by the Companies Ordinance before their respective annual general meetings in certain year(s) during the period from 1992 to 2012 and hence failed to fully comply with the requirements under section 122 of the Companies Ordinance, and among these subsidiaries, three of them have also historically failed to hold their respective first annual general meetings within 18 months from their respective incorporation, and hence failed to fully comply with the requirements under section 111 of the Companies Ordinance.	The maximum penalty which may be imposed on us and our officer for non-compliance incidents under section 111 of the Companies Ordinance is a fine of up to HKD50,000. The maximum penalty which may be imposed on our Directors for non-compliance incidents under section 122 of the Companies Ordinance is a fine of up to HKD300,000 and if in the opinion of the court, our Directors committed the non-compliance incidents willfully, an imprisonment of up to 12 months.	Each of the non-compliant subsidiaries has filed an application with the High Court of Hong Kong, Court of First Instance (the "**Court**") to seek relief under section 122(1B) and/or section 111(2) of the Companies Ordinance and to comply with the relevant law and the Court allowed the applications on November 5, 2013. The non-compliance incidents have been rectified.

For details of our non-compliance incidents during the three financial years ended March 31, 2013, and up to the Latest Practicable Date, please refer to the sub-section headed "Business — Historical Non-compliances" in this Listing Document.

In this Listing Document, the following definitions apply where the context so admits. Certain terms are explained in the section headed "Glossary of Technical Terms" in this Listing Document.

General

"Accountants' Report"	:	the Accountants' Report included in Appendix I to this Listing Document
"Asia Pacific"	:	the regions encompassing PRC, Hong Kong, Japan, Taiwan, India, South Korea, Malaysia, Singapore, Thailand, the Philippines, Cambodia, Myanmar, Vietnam, Indonesia, Laos, Brunei, Australia and New Zealand
"associates"	:	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	:	the audit committee of our Board
"BCC Research"	:	BCC Research LLC, an independent third party to our Company
"Bermuda Act"	:	the Companies Act 1981 (as amended) of Bermuda
"BMA"	:	Bermuda Monetary Authority
"Bermuda Principal Registrar"	:	Appleby Management (Bermuda) Limited
"Bermuda Principal Share Register"	:	our Company's principal register of members in Bermuda operated by the Bermuda Principal Registrar
"Board of Directors" or "Board"	:	the board of Directors of our Company
"Bridging Dealer"	:	Standard Chartered Securities (Hong Kong) Limited (and/or its affiliates authorized to carry out arbitrage activities)
"Bridging Period"	:	the 30-day period from and including the Listing Date
"Business Day"	:	a day, other than a Saturday, Sunday or public holiday in Hong Kong, on which banks in Hong Kong are generally open for business to the public
"BVI"	:	the British Virgin Islands
"Bye-laws"	:	the bye-laws of our Company, as adopted on August 8, 2000, and as amended from time to time, a summary of which is contained in Appendix IV to this Listing Document

"CAGR"	:	compounded annual growth rate
"CCASS"	:	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	:	a person admitted to participate in CCASS as a direct clearing participant and general clearing participant
"CCASS Custodian Participant"	:	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	:	a person admitted to participate in CCASS as an investor participant, who could be an individual or joint individuals or a corporation
"CCASS Participant"	:	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CCASS Rules"	:	the General Rules of CCASS and CCASS Operational Procedures in effect from time to time
"CCID"	:	China Center for Information Industry Development 中國電子信息產業發展研究院, a research unit under the Ministry of Industry and Information Technology of the PRC, and an independent third party to our Company
"CDP"	:	Central Depository (Pte) Limited
"COCG"	:	the Code of Corporate Governance 2012 of Singapore
"Company" or "our Company"	:	Willas-Array Electronics (Holdings) Limited, a company incorporated in Bermuda as an exempted company on August 3, 2000 and the Shares of which have been listed on the Main Board of the SGX-ST since July 2, 2001
"Companies Ordinance"	:	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Compliance Committee"	:	the compliance committee of our Board
"Connected Person"	:	has the meaning ascribed to it under the Hong Kong Listing Rules

"Controlling Shareholder"	:	controlling shareholder under the Singapore Listing Manual, (in relation to our Company) a person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares); or (b) in fact exercises control over our Company. The SGX-ST may determine that a person who satisfies (a) is not a Controlling Shareholder.
"CSIA"	:	China Semiconductor Industry Association, a national association founded in 1990 that comprises 520 member companies in the China semiconductor industry, and an independent third party to our Company
"Directors" or "our Directors"	:	the directors of our Company
"ESOS I" or "Share Option Scheme I"	:	our Employee Share Option Scheme I, which was terminated upon the listing of our Company on the SGX-ST. The principal terms of which are summarized in the sub-section headed "General Information — Share Option Scheme" in Appendix VI to this Listing Document
"ESOS II" or "Share Option Scheme II" or "Existing Employee Share Option Scheme"	:	our Employee Share Option Scheme II adopted by our Shareholders on June 11, 2001. The principal terms of which are summarized in the sub-section headed "General Information — Share Option Scheme" in Appendix VI to this Listing Document
"ESOS III" or "Share Option Scheme III"	:	our Employee Share Option Scheme III adopted by our Shareholders on July 30, 2013. The principal terms of which are summarized in the sub-section headed "General Information — Share Option Scheme" in Appendix VI to this Listing Document
"Executive Directors"	:	executive Directors
"GDP"	:	gross domestic product
"Global Success"	:	Global Success International Limited, a company incorporated in BVI on January 11, 1995 and a Substantial Shareholder, which is wholly-owned by our Director, Kwok Chan Cheung
"G.M.I."	:	G.M.I. Technology Inc., an independent third party that formed GW Electronics Company Limited with us and indirectly holds 51% interest in GW Electronics Company Limited

"Greater China"	:	the region comprising the PRC, Hong Kong, Macau and Taiwan
"Group", "we", "us" and "ourselves"	:	our Company and its subsidiaries
"HKSCC"	:	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	:	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HIBOR"	:	Hong Kong Interbank Offer Rate
"Hong Kong" or "HK"	:	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Registrar"	:	Boardroom Share Registrars (HK) Limited
"Hong Kong Branch Share Register"	:	our Company's branch register of members in Hong Kong operated by the Hong Kong Branch Registrar
"Hong Kong Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"IFRS"	:	International Financial Reporting Standards
"Independent Non-executive Directors"	:	independent non-executive Directors
"independent third party(ies)"	:	an individual or a company who is not connected with (within the meaning of the Hong Kong Listing Rules) any Director, chief executive or Substantial Shareholder of our Company, any of its subsidiaries or any of their respective associates
"Listing" or "Introduction"	:	the listing of our Shares on the Main Board of the Stock Exchange by way of introduction pursuant to the Hong Kong Listing Rules
"Listing Committee"	:	the listing committee of the Stock Exchange
"Latest Practicable Date"	:	November 25, 2013, being the latest practicable date prior to the printing of this Listing Document for the purpose of ascertaining certain information contained in this Listing Document
"Listing Date"	:	the date on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Document"	:	this listing document in connection with the Listing

"Macau"	:	the Macau Special Administrative Region of the PRC
"Main Board"	:	the main board of the relevant stock exchanges
"Market Day"	:	a day on which the SGX-ST is open for trading in securities
"Max Power"	:	Max Power Assets Limited, a company incorporated in BVI on March 26, 2009 and a Substantial Shareholder, with the entire issued capital of which held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust, of which our Director, Leung Chun Wah, and his family members are the ultimate beneficiaries
"Memorandum of Association"	:	the memorandum of association of our Company, as subscribed on July 28, 2000, and as amended from time to time, a summary of which is contained in Appendix IV to this Listing Document
"MOFCOM"	:	the Ministry of Commerce of the PRC 中華人民共和國商務部
"NDRC"	:	National Development and Reform Commission 中華人民共和國國家發展和改革委員會
"Nomination Committee"	:	the nomination committee of our Board
"Northern China Region"	:	the region encompassing Beijing, Chengdu, Qingdao and Shanghai in the PRC
"NPC"	:	National People's Congress of the PRC 中華人民共和國全國人民代表大會
"PRC" or "China"	:	the People's Republic of China, and for the purpose of this Listing Document, excludes Hong Kong, Macau and Taiwan
"Remuneration Committee"	:	the remuneration committee of our Board
"SAFE"	:	the State Administration of Foreign Exchange of the PRC 中華人民共和國國家外匯管理局
"SAT"	:	the State Administration of Taxation of the PRC 中華人民共和國國家税務總局
"SFC"	:	the Securities and Futures Commission of Hong Kong

"SFO"	:	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shares"	:	ordinary shares of HK$0.2 each in the capital of our Company
"Shareholders"	:	holder(s) of our Share(s)
"SIA"	:	Semiconductor Industry Association, a trade association founded in 1977 that represents the U.S. semiconductor industry, whose members account for 80% of the semiconductor production in the U.S., and an independent third party to our Company
"Singapore Code"	:	the Singapore Code on Takeovers and Mergers
"Singapore Companies Act"	:	the Companies Act, Chapter 50 of the Laws of Singapore, as amended, supplemented or otherwise modified from time to time
"Singapore Listing Manual"	:	the listing rules of the SGX-ST that set out the requirements applicable to issuers relating to, *inter alia*: (a) the manner in which securities are to be offered; and (b) the continuing obligations of issuers (as amended from time to time)
"Singapore SFA"	:	the Securities and Futures Act (Chapter 289, Singapore Statutes), as amended, supplemented or otherwise modified from time to time
"Singapore Transfer Agent"	:	Intertrust Singapore Corporate Services Pte. Ltd.
"Southern China Region"	:	the region encompassing Guangzhou, Shenzhen, Xiamen, and Zhongshan in the PRC and Hong Kong
"Sponsor" or "Sole Sponsor"	:	Octal Capital Limited, a licensed corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
"sq.ft."	:	square foot
"sq.m."	:	square meter
"Standing Committee"	:	Standing Committee of the NPC 中華人民共和國全國人民代表大會常務委員會

"State Council"	:	State Council of the PRC 中華人民共和國國務院
"Stock Borrowing and Lending Agreement"	:	the stock borrowing and lending agreement dated November 25, 2013 and entered into between Global Success and the Bridging Dealer
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder"	:	has the meaning ascribed to it under the Hong Kong Listing Rules, and includes Max Power and Global Success
"Taiwan"	:	the Republic of China
"Takeovers Code"	:	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	:	the period comprising the three financial years ended March 31, 2013 and the four months ended July 31, 2013
"TWSE"	:	the Taiwan Stock Exchange Corporation
"*Unaudited Interim Condensed Consolidated Financial Statements*"	:	the Unaudited Interim Condensed Consolidated Financial Statements included in Appendix II to this Listing Document
"United States" or "U.S."	:	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"ValenceTech Group"	:	ValenceTech Limited and its subsidiaries

Currencies

"BD$" or "Bermuda dollars"	:	Bermuda dollars, the lawful currency of Bermuda
"Euro"	:	the lawful currency of the eurozone, which consists of 17 of the 28 member states of the European Union
"HK$" or "HKD" or "Hong Kong dollars" or "HK cents"	:	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"JPY" or "Japanese yen"	:	the lawful currency of Japan
"NT$" or "NTD" or "New Taiwan dollars"	:	New Taiwan dollars, the lawful currency of Taiwan
"RMB" or "Renminbi"	:	Renminbi, the lawful currency of the PRC

"S$" or "SGD" or "Singapore dollars" and "cents" or "¢"	:	Singapore dollars and cents, respectively, the lawful currency of Singapore
"US$" or "USD" or "United States dollars"	:	United States dollars, the lawful currency of the United States

The expressions "Depositor" and "Depository Agent" have the same meanings ascribed to them, respectively, in section 130A of the Singapore Companies Act.

Words importing the singular, where applicable, include the plural and vice versa and words importing the masculine gender, where applicable, include the feminine and neuter genders and vice versa. References to persons include corporations.

Any reference in this Listing Document to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Singapore Companies Act or any statutory modification thereof and used in this Listing Document have the meaning assigned to it under the Singapore Companies Act, or such statutory modification, as the case may be.

Any reference to a time of day in this Listing Document is a reference to Hong Kong time unless otherwise stated.

Certain amounts set out in this Listing Document have been rounded. Accordingly, figures shown as totals of certain amounts may not be an arithmetic sum of such amounts.

To facilitate a better understanding of our business, the following glossary provides explanations and descriptions of certain technical terms and abbreviations commonly found in our industry:

"active component"	:	a product or device that has an analog electronic filter with the ability to amplify a signal or produce a power gain
"amplifier"	:	a product or device that accepts a varying input signal and produces an output signal that varies in the same way as the input but has a larger amplitude
"anisotropic conductive film"	:	a lead-free and environmentally-friendly interconnect system that is commonly used in LCD manufacturing to make the electrical and mechanical connections from the driver electronics to the glass substrates of the LCD
"audio/video data converter"	:	a product or device that converts the audio/video signal from digital-to-analog and analog-to-digital
"audio DSP"	:	a digital signal processor, abbreviated as DSP or DSP chip, is a digital device for executing algorithms for the transformation or extraction of information from signals originally in analog form, such as audio signals in the case of an audio DSP
"audio IC"	:	an IC to process audio signal which is in the range of frequencies within human hearing of approximately 20Hz at the low end to a high of 20,000Hz
"ballast"	:	a device to supply extra voltage in order to ionize the gas when a lamp is switched on
"Bluetooth"	:	a proprietary open wireless technology standard for exchanging data over short distances (using short wavelength radio transmissions) from fixed and mobile devices, creating personal area networks (PANs) with high levels of security
"built book"	:	refers to bill of material (BOM), which is the list of components that makes up a system
"capacitor"	:	a capacitor, physically consists of two conducting surfaces on which charge may be stored, separated by a thin insulating layer that has a very large resistance

"CM"	:	refers to contract manufacturers, companies that make products under contract for other companies. It caters to the OEM market. In the computer and electronics fields, thousands of products are manufactured by contract manufacturers. These products are ordered by and branded with the OEM's name, which sells them to its customers
"connector"	:	a device for joining electrical circuits together
"current sensor"	:	a device that detects electrical current (alternate or direct current) in a wire, and generates a signal proportional to it
"demo board"	:	a prototype or sample carrying specific functions for demonstration purpose
"design-in"	:	a marketing process to convince customer using the proposed components from certain suppliers in their prototype
"digital IC"	:	digital integrated circuit, an integrated circuit that many transistors and diodes are fabricated on
"discrete component" or "discrete(s)"	:	an elementary electronic device constructed as a single unit. Before the advent of integrated circuits, all transistors and resistors were discrete. Discrete components are widely used in amplifiers and other electronic products that use large amounts of current
"DRAM"	:	dynamic random access memory, a read-write random-access memory whose storage cells are based on transistor-capacitor combinations in which the digital information is represented by charges that are stored on the capacitors and must be repeatedly replenished in order to retain the information
"electromechanical component"	:	products that are used to convert mechanical movement into electrical signals, which are used in everyday devices at the point of user interaction
"electronic compass"	:	electronic compass relies on the magnetoresistive effect and provide the required sensitivity and linearity to measure the weak magnetic field of the earth

"electronic component"	:	a component that amplifies or controls electrical voltages or currents without mechanical or other nonelectrical command, or switches currents or voltages without mechanical switches
"electronic manufacturing services" or "EMS"	:	contract manufacturers in the electronics field that not only make products, but offer assistance with the design and supply chain
"enterprise resource planning" or "ERP"	:	a system that integrates internal and external management information across an entire organization, embracing finance/accounting, manufacturing, sales and services. ERP systems automate this activity with an integrated computer-based application. Its purpose is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders
"hall IC"	:	hall integrated circuit, a product or device that detects magnetic field and output analog signal proportional to its intensity
"HID lamp"	:	a high-intensity discharge (HID) lamp is a type of electrical lamp that produces light by means of an electric arc between tungsten electrodes housed inside a translucent or transparent fused quartz or fused alumina arc tube
"inductor"	:	an electric device consisting of one or more turns of wire and typically having two terminals
"infotainment"	:	an information-based media content or programming that also includes entertainment content in an effort to enhance popularity with audiences and consumers
"integrated circuit" or "IC"	:	a miniaturized electronic circuit (consisting mainly of semiconductor devices, as well as passive and interconnecting components) that has been manufactured in the surface of a thin substrate of semiconductor material. Integrated circuits are used in almost all electronic equipment in use today and have revolutionized the world of electronics. Computers, mobile phones, and other digital appliances are now inextricable parts of the structure of modern societies, made possible by the low cost of production of integrated circuits

"interconnecting component"	:	a device used to connect active components and passive components into an electronic assembly that controls a system
"LCD":	:	liquid crystal display, a thin, flat electronic visual display that uses the light modulating properties of liquid crystals
"LCM"	:	liquid crystal module, a self-contained unit or item, such as an assembly of electronic components and associated wiring or a segment of computer software, which itself performs a defined task and can be linked with other such units to form a larger system to drive an LCD
"memory"	:	an electronic component that provides for large data storage
"microcontroller"	:	a product or device that puts a tiny central processing unit (CPU) on one chip, stores a program of instructions in memory on another, and uses a third to move data in and out of the CPU
"microprocessor"	:	an integrated circuit (IC) containing the arithmetic, logic, and control circuitry required to interpret and execute instructions from a computer program
"microwave component"	:	an electronic component that processes an electromagnetic wave with a wavelength between that of infrared and short waves
"mixed-signal IC"	:	mixed-signal integrated circuit, an integrated circuit (IC) consisting of both digital and analog elements
"mobile device docking station"	:	a cradle for a portable device that serves to charge the unit and connect it to other sources or destinations
"modular device"	:	a circuit that forms the product of two analog waveforms
"MOSFET"	:	metal-oxide-semiconductor field-effect transistor, a device used for amplifying or switching electronic signals
"motor control IC"	:	motor control integrated circuit, a control circuit used to vary the speed of a direct-current motor operated from an alternating-current power line

"NAND flash"	:	a flash memory chip that is constructed of either NOR or NAND gates and works like a disk rather than memory. It has faster erase and write times, higher density, and lower cost per bit than NOR flash, and ten times the endurance
"original design manufacturer" or "ODM"	:	a company that designs and manufactures products that are specified and eventually branded by another firm for sale, organization or running of a factory
"original equipment manufacturer" or "OEM"	:	a company that manufactures products or components that are purchased by another company and retailed under the purchasing company's brand name
"operational amplifier"	:	a direct-current-coupled high-gain electronic voltage amplifier with a differential input and, usually, a single-ended output. An operational amplifier produces an output voltage that is typically hundreds of thousands times larger than the voltage difference between its input terminals
"optoelectronics"	:	an electronic device that includes display based on other technologies, notably liquid crystals, fluorescence, and gas discharge
"passive component"	:	an electronic component that can interrupt, resist, or otherwise influence a current flow, but cannot control it. In effect, they are used to enhance or supplement the performance of integrated circuits (ICs). Unlike active components, they do not require a separate source of electric power for their operation
"personal computer" or "PC"	:	a device for processing, storing, and displaying information, designed for use by one person
"peripheral"	:	a device used to input information and instructions into a computer for storage or processing and to output the processed data
"point of sales"	:	the time and place of sale, often in reference to capturing sales data
"potentiometer"	:	an electronic component where resistance value is adjusted by a slider or rotating a lever or shaft so that a desired resistance can be set to control the voltage or current of various circuits in electronic equipment

"power management IC"	:	power management integrated circuit, a range of ICs that includes power modules, digital power, battery management and high-performance MOSFETs and gate drivers
"power supply IC"	:	power supply integrated circuit, a system that converts alternate current from the wall outlet into the direct current required by electronic circuits
"printed circuit board"	:	a flat plastic or fiberglass board on which interconnected circuits and components are laminated or etched. Chips and other electronic components are mounted on the circuits
"radio-frequency device"	:	any device that in its operation is capable of emitting radio-frequency energy by radiation, conduction, or other means
"reference design"	:	a technical blueprint of a system that is intended for others to copy
"resistor"	:	an electronic component designed to introduce a known value of resistance into a circuit
"resonator"	:	a device that exhibits resonance at a particular frequency, such as an acoustic resonator or cavity resonator
"RF components"	:	an electronic component that processes data transmitted in radio frequency (RF), the range of electromagnetic frequencies above the audio range and below infrared light (from 10kHz to 300GHz)
"semiconductor"	:	a solid material whose electrical conductivity at room temperature is between that of a conductor and that of an insulator
"sensor"	:	a device that measures or detects a real-world condition, such as motion, heat or light and converts the condition into an analog or digital representation
"silicon wafer"	:	a crystal of silicon that, at least on surface, is carefully polished and etched to yield a damage-free, mirrorlike finish
"smart meters"	:	an electrical meter that records consumption in intervals of an hour or less and communicates that information at least daily back to the utility for monitoring and billing purposes

"solution kit"	:	a prototype with a list of electronic components put together to form a specific application
"sound bar"	:	a home theater speaker system in a single cabinet that simulates surround sound
"switch"	:	a two-state device that switches either on or off
"thermistor"	:	refers to thermally sensitive resistor
"transformer"	:	a device consisting of two closely coupled coils
"transistor"	:	a device that can amplify, producing an output signal with more power in it that the input signal
"turnkey"	:	refers to products that are built and can be handed over ready for use
"vacuum tube device"	:	an electron-tube device whose operation is based on a change in a stream of electrons emitted from a cathode and traveling in a vacuum by an electric field formed by means of electrodes
"variable capacitor"	:	a capacitor whose capacitance can be varied continuously by moving one set of metal plates with respect to another
"Wi-Fi"	:	the wireless version of a wired ethernet network, and it is commonly deployed alongside ethernet
"Zigbee"	:	a wireless network used for home, building and industrial control. With a maximum speed of 250 Kbps at 2.4 GHz, Zigbee is slower than Wi-Fi and Bluetooth, but is designed for low power so that batteries can last for months and years. The typical Zigbee transmission range is roughly 50 meters, but that can vary greatly depending on temperature, humidity and air quality

This Listing Document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operation;
- our capital expenditure plans and project development plans;
- various business opportunities we may pursue;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- our dividend policy;
- projects under construction or planning;
- the regulatory environment of our industry in general; and
- the future development of our industry.

The words "aim", "anticipate", "believe", "estimate", "expect", "going forward", "intend", "ought to", "plan", "potential", "project", "seek", "may", "might", "can", "could", "will", "would", "shall", "should", "is likely to" and the negative form of these words and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this Listing Document. One or more of these risks or uncertainties could materialize, or underlying assumptions could prove incorrect.

Subject to the requirements of the Hong Kong Listing Rules and the applicable laws, we do not intend to publicly update or otherwise revise the forward-looking statements in this Listing Document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Listing Document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Listing Document are qualified by reference to this cautionary statement.

To our best belief and knowledge, all the risk factors that are material to investors in making an informed judgment on us are set out below. Investors should carefully evaluate each of the following considerations and all of the other information set forth in this Listing Document before deciding to invest in our Shares. Some of the following considerations relate principally to our business in general while others pertain to the industry in which we operate. If any of the considerations and uncertainties develops into actual events, our business, financial conditions or results of operations and prospects could be materially and adversely affected.

We believe that there are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; (iv) risks relating to ownership of our Shares; (v) risks relating to our dual primary listing; and (vi) risks relating to statements made in this Listing Document.

RISKS RELATING TO OUR BUSINESS

Our business, financial condition and results of operations could be adversely affected by the global economic downturn and adverse market conditions.

We are dependent on the health of global economic conditions and levels of global consumer consumption in general. Our customers use the products and services we provide to manufacture end-products, such as mobile phones, home appliances, audio/video systems and automotive electronics. The demand from our customers, therefore, depends on the overall consumer demand for the end-products they manufacture. The global financial markets experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. The recovery from the economic downturns of 2008 and 2009 was uneven and it is facing new challenges, including the escalation of the European sovereign debt crisis since 2011 and the slowdown of the PRC economy in 2012. A continuous deterioration in global economic conditions could affect consumer confidence and spending. If the demand for the products and services we provide declines as a result of changes in global economic conditions or does not grow at the pace we anticipate, our business, financial condition and results of operations could be adversely affected.

In addition, the global financial and economic crisis could also adversely affect the ability of our customers and suppliers to obtain financing for significant purchases and operations and could result in a decrease in, or cancellation of, orders for the products we distribute or limitations on the quantity of products supplied to us due to reduced production outputs. Furthermore, these uncertain economic conditions could make it difficult for us and our customers and principal suppliers to accurately forecast and plan future business activities, which could cause our customers to slow spending on the products we distribute, thus delaying and lengthening sales cycles. If the market in which we operate deteriorates due to these global economic conditions, our business, financial condition and results of operations could be adversely affected.

Our financial performance could be adversely affected by a global shortage of key components.

Certain electronic components could from time to time be in short supply. This could be due to manufacturing companies reducing their production in anticipation of lower demand or terminating production as it can no longer be economically viable to supply the electronic components even when demand is high. As a result, demand could exceed supply, which could lead to a shortage that plagues the electronic components industry. Such shortages in the supply of electronic components could lead to our customers either suspending or delaying their manufacturing schedule, which could in turn adversely affect our business, financial condition and results of operations.

Fluctuations in our purchase prices of electronic components that we are unable to pass on to our customers could adversely affect our results of operations, profit margins and profitability.

We attempt to negotiate competitive rates for the electronic components that we procure from our principal suppliers. However, any shortage in raw material or fluctuations in world commodity prices could negatively affect our purchase prices of electronic components that we have negotiated with our principal suppliers. Risks such as fluctuating exchange rates, social and political unrest, and economic volatility in the countries or regions where we import electronic components could also negatively and materially affect our purchase prices of electronic components. We, therefore, cannot guarantee that the prices we currently pay for electronic components will remain stable. Any increase in the prices we are required to pay for electronic components could result in our offering to the market a less competitive product, and compel us to identify more suitable and cost-competitive alternatives. In particular, our ability to pass on part or all of our cost increases to our consumers depends largely on market conditions, including the activities of our competitors. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, our gross profit margins were approximately 10.2%, 9.3%, 9.7% and 11.0%, respectively, while our net profit margins were approximately 2.3%, 1.4%, 1.5%, and 1.4%, respectively. If we are unable to pass on our cost increases to our customers, our results of operations, profit margins and profitability could be adversely affected.

We are dependent on our principal suppliers. If our distribution agreements with these principal suppliers are terminated, interrupted, or adversely modified, our business, financial condition and results of operations could be adversely affected.

Our success depends on the continued distribution rights of our existing pool of more than 20 principal suppliers and our ability to secure new distribution rights. During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, we had six, six, five and six principal suppliers, respectively, that each accounted for 5% or more of our cost of sales. Our purchase from our five largest principal suppliers together accounted for approximately 82.2%, 75.9%, 84.8% and 85.2% of our cost of sales for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, while our purchase from our largest principal supplier accounted for approximately 32.2%, 32.0%, 41.0% and 38.2%, respectively, of our cost of sales for the same periods. In the event that our distribution agreements with these principal suppliers are terminated, interrupted, or adversely modified, our business,

financial condition and results of operations could be adversely affected. Please refer to the sub-section headed "Business — Principal Suppliers — Supply Agreements" in this Listing Document for a description of the salient terms of our supply agreements.

We do not always enter into long-term agreements with our customers, and some of them may cancel, change or postpone their orders.

Although we have longstanding business relationships with our customers, we generally do not enter into long-term agreements with our customers. If we fail to maintain good working relationships with our customers, we could lose business from them, either partially or completely. As we typically enter into individual purchase orders with our customers that could be altered, reduced or cancelled at any time, our customers could change their order levels or stop placing orders altogether with little or no notice to us. The loss of one or more of our customers, or a substantial reduction in the size of their orders, or our failure to identify additional or replacement customers on a timely basis, could adversely affect our business, financial condition and results of operations.

The success of our business depends on quality controls by our principal suppliers. If a product that we distribute has defects or performance problems, our reputation and ability to distribute other products to customers could be adversely affected.

As a distributor, we do not directly monitor the quality control procedures of our principal suppliers. If a product that we distribute has defects or performance problems, our reputation and ability to distribute other products to customers could be adversely affected.

In addition, we could be exposed to product liability claims, as consumers may choose to sue us in addition to suing our customers who incorporate the electronic components we distribute into their end-products when a claim arises. If we are found liable for any such claims, we could be required to pay monetary damages. While we might, in turn, recoup any losses incurred by us from the principal suppliers, we cannot assure you that we would be fully reimbursed for our damages. Even if we successfully defend such claims, we might still incur substantial expenses and expend significant time in defending against such claims.

Failure to maintain optimal inventory levels could increase our operating costs or cause us to lose sales.

We need to maintain sufficient inventory levels to operate our distribution business successfully as well as meet our customers' demands. We cannot assure you that we can accurately predict sales and avoid over-stocking or under-stocking products in our warehouses. Furthermore, demand for products could change significantly between the time inventory is ordered and the time it is available for sale. The purchase of certain types of inventory could also require significant lead-time. As we sell a broad range of products and maintain significant inventory levels for a substantial portion of the products we sell, we might be unable to sell such inventory in sufficient quantities or during the relevant selling seasons. Inventory levels in excess of customer demand could result in inventory write-downs, expiration of products or increase in inventory holding costs.

On the contrary, if we underestimate demand or if our suppliers fail to provide products in a timely manner, we might experience inventory shortages, which could in turn result in unfulfilled customer orders and have a negative impact on customer relationships. We cannot assure you that we will be able to maintain proper inventory levels in our warehouses, and any such failure could have an adverse effect on our business, financial condition, and results of operations.

We are exposed to the credit risks of our customers.

We extend credit only to customers that we deem creditworthy based on analysis of their credit profiles. However, our customers are subject to market conditions and their own business risks. Accordingly, we periodically review the adequacy of our reserve for credit losses considering economic conditions and trends and credit quality indicators. We cannot assure you that our reserve for credit losses and coverage by our credit insurance will always be adequate to cover credit losses because there could be unanticipated adverse changes in the economy or extraordinary events adversely affecting specific customers, industries or markets. If the credit quality of our customer base decreases as a result of economic conditions or if our reserves for credit losses are not adequate, our business, financial condition and results of operations could be adversely affected.

Our financial results are affected by the incentive schemes offered to us by our major principal suppliers. Our profitability could also be adversely affected if we are unable to meet the minimum incentive targets set by our principal suppliers.

Some of our major principal suppliers offer to us incentive schemes, which generally include annual stock rebates, cash rebates and income from special promotion programs. The various incentive schemes are offered to us individually or in combination at the sole discretion of the principal suppliers and our principal suppliers may cancel or modify such incentive schemes at any time. In the event that we are unable to continue to secure such incentive schemes from our principal suppliers, our profitability could be adversely affected. Our profitability could also be adversely affected if we are unable to meet the minimum incentive targets set by our principal suppliers.

We are dependent on short-term financing. In the event that our lenders cancel these credit facilities, our business operations, turnover and profitability could be adversely affected.

Our average trade payables turnover days (excluding the effects of trade finance facilities drawn down such as trust receipt loans and bills payable) for the three financial years ended March 31, 2013 and the four months ended July 31, 2013 were approximately 39 days, 39 days, 36 days and 37 days, respectively. As such, we are dependent on our short-term borrowings to finance our credit sales. Our average trade receivables turnover days for each of the three financial years ended March 31, 2011, 2012, 2013 and the four months ended July 31, 2013 were approximately 54 days, 59 days, 55 days and 56 days, respectively.

As of July 31, 2013, our total short-term borrowings amounted to approximately HK$631.8 million. This comprised trust receipt loans of approximately HK$480.2 million and bank borrowings of approximately HK$151.6 million. In the event that the financial institutions concerned cancel these credit facilities, our business operations, turnover and profitability could be adversely affected.

We have experienced negative net cash flow from our operating activities and we cannot assure you that we will not experience negative net cash flow in the future.

For the four months ended July 31, 2013 we experienced negative net cash flow from operating activities of approximately HK$89.1 million. Due to the seasonal effects of the electronic components distribution industry, we would normally record a net cash outflow from operating activities in the first half of our financial year, and a net cash inflow from operating activities in the second half of our financial year. Although we recorded positive net operating cash flow during each of the three financial years ended March 31, 2011, 2012 and 2013, we cannot assure you that we will not record negative cash flow from operating activities in the future, which could negatively affect our liquidity and could, in turn, adversely affect our business, financial condition and results of operations.

Possible impact of certain non-recurring expenses on our financial performance.

Notwithstanding our financial performance for the three financial years ended March 31, 2013 and the four months ended July 31, 2013 disclosed in this Listing Document, our financial results for the financial year ending March 31, 2014 will be affected by certain non-recurring expenses, including the expenses in relation to the Listing. Currently, our estimated expenses in relation to the Listing amount to approximately HK$26.0 million, of which approximately HK$10.3 million was recognized during the four months ended July 31, 2013. However, the full amount of the listing expenses will only be recognized in the statement of comprehensive income for the financial year ending March 31, 2014. Accordingly, our Directors wish to inform our Shareholders and potential investors that our financial results for the year ending March 31, 2014 will be affected by the expenses in relation to the Listing. We also wish to emphasize that our current estimated expenses in relation to the Listing set forth above is for reference only and the final amount to be recognized in our profit or loss for the year ending March 31, 2014 may be different and our estimation is also subject to changes in variables and assumptions at the relevant time.

We are subject to interest rates fluctuations that could increase our costs of borrowings and subsequently adversely affect our profitability.

While we have, in the past, been able to obtain competitive interest rates for our borrowings from our banks, we cannot assure you that we will be able to continue to secure such competitive interest rates in the future. In the event of a substantial increase in interest rates for our borrowings in the future, our interest expense will increase and our profitability could be adversely affected.

We are subject to foreign exchange risk.

We incur foreign currency risk on sales and purchases that are denominated in currencies other than our functional currencies and therefore are exposed to foreign exchange risk.

As of March 31, 2011, 2012 and 2013 and July 31, 2013, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Assets				Liabilities			
	As of March 31,			As of July 31,	As of March 31,			As of July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	(HK$ in thousands)				(HK$ in thousands)			
United States dollars	861,390	734,080	761,517	741,269	(527,033)	(478,729)	(471,097)	(502,626)
Hong Kong dollars	1,300	2,464	1,278	1,222	(65,040)	(50,442)	(59,471)	(70,656)
Japanese yen	10,783	4,557	1,965	2,731	(45,156)	(26,507)	(14,407)	(22,449)
Chinese renminbi	5,257	2,655	4,825	3,792	(1,211)	(1,211)	(1,211)	(1,211)
Euro	1,556	172	641	645	(443)	(304)	(403)	(189)
Singapore dollars	642	2,376	1,561	1,218	—	—	(24)	(151)
Other currencies	30	34	4	5	—	—	—	—

As the Hong Kong dollar is currently pegged to the U.S. dollar at a rate of approximately US$1 to HK$7.8, our exposure to fluctuations in the exchange rate of the Hong Kong dollar against the U.S. dollar is minimal. However, we cannot assure you that the Hong Kong dollar will remain pegged to the U.S. dollar in the future. Hence, should there be any significant adverse fluctuations in the exchange rate of the Hong Kong dollar against the U.S. dollar, our business, financial condition and results of operations could be adversely affected.

Likewise, should there be any significant adverse fluctuation in the exchange rates for the Japanese yen and the U.S. dollar, our business, financial condition and results of operations could be adversely affected.

Increasing labor cost and fluctuations in consumer spending in the PRC could adversely affect our business, financial condition and results of operations.

Our sales and growth are dependent on the level of consumer spending and the continued improvement of macroeconomic conditions in the PRC. A substantial portion of our sales and profits are derived from our PRC customers. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, revenue generated from our sales network comprising the Southern China Region (including Hong Kong) and the Northern China Region, was approximately HK$3,685.7 million, HK$3,153.8 million, HK$3,031.5 million and HK$1,047.0 million, representing 97.0%, 96.7%, 96.0% and 97.2%, of our total revenue, respectively. We anticipate that the PRC market will continue to be a major source of revenue for us in the foreseeable future. Although the PRC economy has grown significantly in the past decades, we cannot assure you that the PRC economy will continue to grow at historical rates, or at all, and any slowdown or decline in the PRC economy or consumer spending levels could adversely affect our business, financial condition and results of operations. For details of our revenue breakdown by regions, please refer to pages I-88 to I-94 of the Accountants' Report in Appendix I to this Listing Document.

In addition, our continued success depends on our ability to recruit experienced personnel in the PRC market to meet our expanding operating needs. Labor costs in the PRC have been increasing in recent years and our labor costs in the PRC could continue to increase in the future. In order for us to recruit and retain experienced personnel in the PRC market to meet our expanding operating needs, we will need to offer them competitive compensation packages, which could significantly increase our operation costs, and in turn adversely affect our business, financial condition and results of operations.

We outsource certain of our warehousing and logistics functions to third parties. Failure by these third parties to fulfill their responsibilities could adversely affect our ability to retain our customers.

We believe that our customers' recognition of and familiarity with our reputation are important to our business. We outsource certain of our warehousing and logistics functions to third-party service providers, who are responsible for storing inventory and delivering products. If any of these third-party service providers fails to fulfill any of its responsibilities, our reputation could be adversely affected, which could lead to the erosion of our relationships with potential and existing customers, and as a result, our business, financial condition and results of operations could be adversely affected.

We have limited insurance coverage in the PRC; as a result, any product liability or other claims not covered by the insurance we carry could adversely affect our business, financial condition and results of operations.

We do not have any business liability, loss of data or disruption insurance coverage for our operations in the PRC. Any business disruption, litigation or natural disaster could cause us to incur substantial costs or divert our resources. In addition, we only carry limited product liability insurance that covers certain products we distribute. As a result, any product liability or other claims arising from the products that are not covered by our product liability insurance could adversely affect our business, financial condition and results of operations. Furthermore, we might need to stop selling the products that result in product liability claims, which could negatively affect the range of our product offerings and the size of our customer base.

If we fail to obtain or maintain all required licenses, permits and approvals, or if we are required to take actions to obtain such licenses, permits and approvals that are time-consuming or costly, our business operations could be adversely affected.

Our business operations are subject to a number of licenses, permits, filings, registrations and approvals in the jurisdictions where we operate our business such as those relating to foreign direct investment, taxation, foreign exchange, social insurance and labor. Our ability to continue to operate our existing business and to successfully implement our expansion strategies into new businesses depends on our obtaining, maintaining and renewing (where necessary) the relevant regulatory approvals under the laws of the relevant jurisdictions where we operate our business. If we are unsuccessful in obtaining or renewing such approvals, we could be prohibited from continuing our operations. Or if we are required to take actions to obtain such licenses, permits and approvals that are time-consuming or costly, our business operations could be adversely affected.

Any health epidemics and other outbreaks, adverse weather conditions, natural disasters and other catastrophes could severely disrupt our business operations.

Our business could be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes. In April 2009, an outbreak of a new strain of influenza identified as the Influenza A (H1N1) virus occurred in Mexico resulting in a number of deaths. There have also been recent reports of outbreaks of an avian flu caused by a serotype of the species Influenza, H7N9 virus, including confirmed human cases, in China. The spread of the H1N1 or H7N9 virus or any prolonged recurrence of avian influenza, SARS or other adverse public health developments in China could require the temporary closure of our offices or prevent our staff from traveling to customers' offices to sell products or provide on-site services. Such closures could severely disrupt our business operations and adversely affect our results of operations. Furthermore, in 2011, our business was affected by a number of large-scale natural disasters, such as the nuclear meltdown in Japan caused by earthquakes and a subsequent tsunami, and flooding in Thailand, which had disrupted our international electronic components supply chain. If any disaster were to occur in the future, our ability to operate our business could be adversely affected.

Our business depends on our ability to retain key personnel, technical personnel and engineers. If we lose the services of any of our key personnel without finding suitable replacements in a timely manner, or if we fail to attract and retain qualified personnel, our business, financial condition and results of operations could be adversely affected.

Our continued success is dependent to a large extent on our ability to retain the services of our key management and operational personnel. The loss of the services of certain existing key personnel without adequate replacement or the inability to attract and retain qualified personnel could adversely affect our business operations. Apart from our key management and operational personnel, our technical personnel and engineers are also crucial for our business operations. In particular, we depend on our technical marketing and product marketing engineers to serve our customers with their in-depth knowledge of the products we distribute while staying abreast of industry developments and market trends, on our field application engineers who have a wide array of local business relationships and an in-depth understanding of local markets to provide field technical services, and on our application and development engineers to design and develop customized engineering solutions according to our customers' specifications.

If we lose the services of any of our key personnel, technical personnel and engineers without finding suitable replacements in a timely manner, or if we fail to attract and retain qualified personnel, our business, financial condition and results of operations could be adversely affected.

When we make acquisitions, we might not be able to successfully integrate them or attain the anticipated benefits.

As part of our operating history and growth strategy, we have acquired other businesses relating to our core business. In July 2006, we indirectly acquired 60% interest in ValenceTech Limited from SRS Labs, Inc., details of which are disclosed in the sub-section headed "History, Development and Corporate Structure — Acquisition of 60% indirect interest in ValenceTech Limited" in this Listing Document.

In the future, we may continue to seek acquisition candidates in selected markets and from time to time engage in exploratory discussions with suitable candidates. We cannot assure you that we will be able to identify and acquire targeted businesses or obtain financing for such acquisitions on satisfactory terms. The process of integrating acquired businesses into our operations could also result in unforeseen difficulties and could require a disproportionate amount of resources and management attention. If we are unsuccessful in integrating our acquisitions, or if the integration is more difficult than anticipated, we could experience disruptions that could have an adverse effect on our business or the acquisition. In addition, we might not realize all of the anticipated benefits from our acquisitions, which could result in an impairment of goodwill or other intangible assets.

Our integrated supply chain management system could fail.

Our business depends, to a large extent, on our integrated supply chain management system to effectively manage and operate many of our key business functions, including inventory management, order processing, customer service, distribution, cash receipts and payments and financial reporting. Any failure, prolonged outage or impairment of our integrated supply chain management system could adversely affect our ability to conduct our operations.

RISKS RELATING TO OUR INDUSTRY

We operate in a competitive market that could result in lower profit margins.

The distribution businesses for electronic components are competitive with no practical barriers to entry. We experience competition from distributors in the geographical markets in which we currently operate and expect to face similar competition in the markets that we plan to enter. Some of our competitors could have more financial and human resources, more competitive pricing strategies or closer relationships with manufacturers of electronic components than we have. In the event that our competitors offer less expensive alternatives to our products or services, or engage in aggressive pricing in order to increase their market share, or are capable of supplying products with superior performance, functions or efficiency, we could lose customers to our competitors and our business, financial condition and results of operations could be adversely affected. Competition could also lead to, among other things, stricter terms in agreements with manufacturers of electronic components, which could have an adverse impact on our business, financial condition and results of operations and lower our profit margins.

We are susceptible to the business cycles of the industries in which our customers operate.

We provide electronic components and engineering solutions to various customers in a wide range of industries including the industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments. The business cycles and growth prospects of each of these segments will have a corresponding effect on the demand for our products and services. We cannot assure you that we would effectively manage the fluctuations in demand for our products and services. Should there be a prolonged downturn in any of these industries, our business, financial condition and results of operations could be adversely affected.

We are subject to technological changes in the electronic industry.

The electronic industry and the development of engineering solutions are subject to rapid technological advances. Our success will depend on our ability to keep abreast of these developments in technology and to adapt our business strategies to effectively deal with, accommodate and embrace these advances. However, we cannot assure you that we can respond promptly and cost effectively to these changes. If we are unable to keep our product offerings up-to-date in line with the rapid technological developments, whether due to financial or technical reasons, our business, financial condition and results of operations could be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Adverse changes in the PRC economic, political and social conditions as well as governmental policies could have an adverse effect on overall economic growth, which in turn could adversely affect our business, financial condition and results of operations.

The economic, political and social conditions in the PRC differ from those in more developed countries in many aspects. Economic conditions differ significantly, including, for example, in respect of the structure of the economy, government involvement, level of development, growth rate, control of foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. For the past three decades, the PRC government has implemented economic reforms and measures emphasizing the utilization of market forces in the development of the PRC economy. Although we believe these economic reforms and measures will have a positive effect on the PRC's overall and long-term development, we cannot predict whether the resulting changes could have any adverse effect on our current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural resources, production, pricing and management of currency, and we cannot assure you that the PRC government will continue to pursue a policy of economic reforms or that the direction of reforms will continue to be market friendly.

Our ability to successfully expand our business in the PRC depends on a number of factors, including macro-economic and other market conditions, and credit availability from lending institutions. The China Banking Regulatory Commission began implementing restrictions on bank lending in early 2010. Stricter lending policies in the PRC could affect our ability to obtain external financing, which in turn could reduce our ability to implement our expansion strategies. We cannot assure you that the PRC government will not implement any additional measures to tighten lending standards, or that, if any such measure was implemented, it would not adversely affect our business, financial condition and results of operations.

Our current and future business, financial condition and results of operations could be adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures that could be introduced to control inflation or deflation;

- failure to maintain or renew the licenses or permits required for our business;
- changes in the rate or method of taxation; and
- changes in tariff protection policies and other import and export restrictions.

These factors are affected by a number of variables that are beyond our control.

Foreign exchange transactions and the convertibility of Renminbi into foreign currencies are subject to certain limitations.

The use and exchange of foreign currencies are heavily regulated in the PRC, and Renminbi is usually not permitted to be wired directly to offshore accounts. As a foreign invested enterprise, our PRC subsidiaries are subject to the regulatory restrictions imposed by SAFE. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and services related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE, upon satisfaction of certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE by complying with certain procedural requirements. But approval from or registration with the relevant PRC governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses, such as the repayment of loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access in the future to foreign currencies for current account transactions. As a significant portion of our business and operations are based in the PRC, dividends from our PRC subsidiaries may impact our cash resources for dividends distributable to our Shareholders. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to distribute dividends to our Shareholders and your investment value in us could be materially affected.

Moreover, we cannot assure you that the PRC governmental authorities will not impose further restrictions on methods by which Renminbi can be converted into foreign currencies. If such measures are imposed in the future, our business, financial condition and results of operations could be adversely affected.

Movements in the exchange rate of Renminbi could adversely affect our business, financial condition and results of operations.

The value of Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC and international political and economic conditions. Since 1994, the conversion of Renminbi into other currencies, including Hong Kong and U.S. dollars, has been based on rates set by the People's Bank of China, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band that is based on market supply and demand and referenced to a basket of currencies. From July 21, 2005 to June 4, 2013, the value of Renminbi appreciated by approximately 31.4% against the U.S. dollar. The value of the Hong Kong dollar is tied to the value of the U.S. dollar. The

PRC government may in the future make further adjustments to the exchange rate system. Any appreciation of the Renminbi against the Hong Kong or U.S. dollar or any other currencies could result in a decrease in the Renminbi-equivalent value of our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi could adversely affect our financial condition and results of operations in foreign currency terms.

We rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have an adverse effect on our ability to conduct our business.

Our Company is a holding company incorporated in Bermuda under the Bermuda Act and we rely on dividends from our subsidiaries in China for our cash requirement. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our subsidiaries in China are required to set aside a certain amount of after-tax profits each year, if any, to fund certain statutory reserves. These reserves, however, are not allowed to be distributed as cash dividends. Furthermore, if our subsidiaries in China incur debt on their own behalf, the instruments governing the debt could restrict its ability to pay dividends or make other payments to us. The inability of our subsidiaries to distribute dividends or other payments to us could adversely affect the results of our operations.

PRC regulation of loans by offshore holding companies and direct investment by offshore holding companies in PRC entities could delay or prevent us from making loans or additional capital contributions to our PRC operating subsidiaries, which could adversely affect our ability to fund and expand our business.

As an offshore holding company, we may make loans or additional capital contributions to our PRC subsidiaries. Any loans or capital contributions to our PRC subsidiaries are subject to restrictions or approvals under PRC laws, rules and regulations. For example, loans by us to our operating subsidiaries in China, which are foreign-invested enterprises, to finance their activities could not exceed statutory limits and must be registered with the local SAFE branch.

We may also decide to finance our PRC subsidiaries by making additional capital contributions to such entities. The MOFCOM or its local counterparts must approve these capital contributions. We cannot assure you that we will be able to obtain these PRC government approvals on a timely basis, if at all, with respect to any such capital contributions. If we fail to receive such approvals, our ability to use the proceeds of any equity or debt offerings to capitalize our PRC operations could be negatively affected, which could adversely affect our ability to fund and expand our business.

The PRC economy could experience significant inflationary pressure, which could affect our business.

There have been recent signs of recovery in the global economy and inflationary pressure on various economies in the world. The PRC could experience significant inflation in the coming years, which could result in general increases in prices of goods. Significant inflation in the PRC could also

lead to an increase in interest rates and a slowdown in economic growth in the PRC, which could in turn negatively impact our business. The overall impact of inflationary pressure could adversely affect our business, financial condition, and results of operations.

The legal protections available to potential investors could be limited in the PRC legal system.

The legal system in the PRC is based on the civil law system. Unlike the common law system, prior legal decisions and judgments have limited significance for guidance. The PRC is still in the process of developing a comprehensive statutory framework. Since 1979, the PRC government has established a commercial law system, and has made significant progress in promulgating laws and regulations relating to economic affairs and matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations remain uncertain in many areas. In addition, the PRC legal system is based in part on government policies and administrative rules that could have a retroactive effect. As a result, we might not be aware of our violation of these policies and rules until sometime after the violation occurs. Furthermore, the legal protections available to us under these laws, rules and regulations could be limited. Any litigation or regulatory enforcement action in the PRC could be protracted and could result in substantial costs and diversion of resources and management attention.

It could be difficult to enforce any judgments obtained in non-PRC courts against our PRC subsidiaries or our senior management members residing in the PRC.

Certain of our senior management members reside in the PRC and a substantial portion of our assets are located in the PRC and are subject to the PRC legal framework that is materially different from other jurisdictions, including Hong Kong and the U.S., particularly with respect to the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework in the PRC are also relatively underdeveloped and untested. In 2005, the PRC company law was amended to allow shareholders to commence an action against directors, supervisors, officers or any third party on behalf of a company but under limited circumstances.

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with countries such as the U.S., the United Kingdom and Japan, and therefore enforcement of court judgments from these jurisdictions in the PRC could be difficult or impossible.

New labor laws in China could adversely affect our results of operations.

The Standing Committee adopted the Labor Contract Law (中華人民共和國勞動合同法) on June 29, 2007, which became effective on January 1, 2008. The Labor Contract Law imposes requirements relating to, among other things, minimum wage, severance payment and non-fixed term employment contracts, and establishes time limits for probation periods as well as the duration and the number of times that an employee can be placed on a fixed term employment contract. It also provides that social insurance is required to be paid on behalf of the employees and that employees are entitled to unilaterally terminate the labor contract if this requirement is not satisfied.

There exist uncertainties as to the interpretation, implementation and enforcement of these obligations under the new PRC labor laws. If relevant governmental authorities determine that we have not complied fully with such obligations, we could be in violation of applicable PRC labor laws and we cannot assure you that PRC governmental authorities will not impose penalties on us for any failure to comply.

A newly enacted PRC tax law could affect tax exemptions on dividends received by our Company and Shareholders and increase our enterprise income tax rate.

Our Company is a holding company that is incorporated under the laws of Bermuda and holds interests in our PRC subsidiaries through a company incorporated in BVI, and we rely on dividends paid by our PRC subsidiaries for our cash requirements. The Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) and its implementation rules were enacted, respectively, on March 16, 2007 and December 6, 2007, both of which have become effective as of January 1, 2008. Under these laws, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, withholding tax at the rate of 10% will be applicable to any dividends paid to us unless we are entitled (for example, under tax treaties) to reduction or elimination of such tax.

In addition, if we are deemed a PRC resident enterprise, dividends payable by us to our investors and gain on the sale of our Shares could be subject to PRC withholding tax. It is possible that future guidance issued with respect to the new resident enterprise classification could result in a situation in which a withholding tax of 10% is imposed on dividends we pay to our non-PRC enterprise investors and the gains derived by such investors from transferring our Shares or a withholding tax of 20% is imposed on dividends we pay to our individual investors and the gains derived by such investors from transferring our Shares, unless as otherwise provided in the tax treaties between China and other countries or areas. In addition to the uncertainty in how the new resident enterprise classification could apply, it is also possible that the rules could change in the future, possibly with retroactive effect. If we are required under the Enterprise Income Tax Law of the PRC to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of our Shares under the circumstances mentioned above, the value of your investment in our Shares could be adversely affected. Furthermore, it is unclear whether, if we are considered a PRC resident enterprise, our foreign Shareholders would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Unavailability of title documents of some of our lease agreements related to certain properties occupied by us in the PRC might adversely affect our continued usage of such properties, and we could be required to pay penalties for some of our leased properties for non-registration of some of our leased properties.

As of the Latest Practicable Date, certain building ownership certificates in respect of five of our leased properties in the PRC of a total floor area of 5,471.1 sq.ft. had not been provided by the relevant landlords to prove their respective ownership titles or rights to these properties. Please refer to the sub-section headed "Business — Property, Plant and Equipment" in this Listing Document for further details. Furthermore, as of the Latest Practicable Date, eight of the lease agreements of our leased properties have not been registered with the relevant PRC governmental authorities. According to the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法) and the

Administrative Measures for Commercial Housing Leases (商品房屋租賃管理辦法), the relevant parties that enter into a lease agreement without due registration of such lease agreement with the competent local authorities could be subject to a penalty of not more than RMB10,000 if they fail to rectify their failure of registration within a specified time. Since PRC law and regulations do not explicitly specify the responsible party for such registration, our subsidiaries that are parties to these unregistered lease agreements could be subject to such penalty.

Although as of the Latest Practicable Date, we are not aware of any third parties challenging the validity of the relevant leases or requiring us to vacate these properties, we cannot assure you that no third party would seek to assert their ownership rights against the relevant landlords or challenge the leases in the future. In the event that disputes arise due to unavailability of title documents of such properties or a failure to register the relevant leases with the PRC governmental authorities, we could encounter difficulties to continue leasing such properties and incur additional costs of business interruption and relocation.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans could subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under the applicable PRC regulations, PRC citizens who participate in an employee stock incentive plan in an overseas publicly-listed company are required to register with SAFE and complete certain other procedures. On February 15, 2012, SAFE issued the Notice on Issues relating to Foreign Exchange Administration of Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies (the "**Notice**"), which prescribes certain registration and reporting requirements for domestic individuals in the PRC (which term is defined to include citizens of the PRC, and citizens of Hong Kong, Macau and Taiwan and foreign citizens who have lived in the PRC continuously for more than one year) who are employees of an overseas listed company's domestic affiliates and participate in equity incentive plans of the overseas listed company. If we, or any of our employees who are subject to the Notice and participate in any of our equity incentive plans, fail to comply with the abovementioned regulations, we or such employees could be subject to fines and other legal or administrative sanctions.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

The market price of our Shares could be volatile.

The trading price of our Shares on the SGX-ST might not be indicative of the expected market price for our Shares on the Stock Exchange following the Introduction. Further, the trading price of our Shares on the SGX-ST has been, and might continue to be subject to large fluctuations. The trading price of our Shares could increase or decrease in response to a number of events and factors, including:

- valuations of properties held by us;
- changes in estimates and recommendations by securities analysts;
- developments affecting us or our competitors; and
- changes in general economic conditions.

The volatility can adversely affect the trading price of our Shares regardless of our operating performance. Further, for these reasons amongst others, our Shares might trade at prices that are higher or lower than the attributable net asset value of our Shares. In addition, we cannot guarantee that investors can regain the amount invested. It is possible that investors could lose all or a part of their investment in our Shares.

The interests of our Substantial Shareholders might not be aligned with those of our other Shareholders.

Our Substantial Shareholders hold approximately 34.9% of our issued Shares. Our Substantial Shareholders will be able to significantly influence most matters requiring our Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. They will also have an effective veto with respect to certain shareholder actions or approvals requiring a majority vote except where they are required to abstain from voting by the rules of the Singapore Listing Manual, or the Hong Kong Listing Rules after our Shares are listed on the Main Board of the Stock Exchange. Such concentration of ownership could have the effect of delaying or preventing a change in control of our Company or otherwise discouraging a potential acquirer from attempting to obtain control of our Company through corporate actions such as merger or takeover, which could in turn reduce the market price of our Shares and the voting and other rights of our other Shareholders. In view of the concentration of share ownership, there is a possibility that a sale of our Company or some or all of our assets would not maximize value for some Shareholders. We cannot assure you that our Substantial Shareholders will exercise their influence over our Company in ways that are in the best interests of our other Shareholders.

Future sales of our Shares by us or our existing Shareholders could affect our Share price.

Any future sale or offering of our Shares in the public market could exert a downward pressure on our Share price. We cannot assure you that our existing Shareholders will not dispose of the Shares held by them or that we will not issue Shares in the future. We cannot predict the effect, if any, that any future sales of Shares by our existing Shareholders, or the availability of Shares for sale by our existing Shareholders, or the issuance of Shares by our Company could have on the market price of our Shares. The sale of a significant amount of our Shares in the public market or the perception that such sale might occur, could adversely affect the market price of our Shares. These factors could also affect our ability to issue additional equity securities in the future.

The liquidity of our Shares on the Stock Exchange could be limited and the effectiveness of the bridging arrangements is subject to limitations.

Our Shares have not been traded on the Stock Exchange before the Introduction and there could be limited liquidity in our Shares on the Stock Exchange. Although Shareholders will be able to transfer the registration of our Shares from Singapore to Hong Kong, and vice versa, there is no certainty as to the number of Shares that Shareholders may elect to transfer to Hong Kong. This could adversely affect investors' ability to purchase or liquidate Shares on the Stock Exchange. Accordingly, there is no guarantee that the price at which Shares are traded on the Main Board of the Stock Exchange will be substantially the same as or similar to the price at which Shares are traded on the Main Board of the SGX-ST or that any particular volume of Shares will trade on the Main Board of the Stock Exchange.

Throughout the Bridging Period (being the 30-day period from and including the Listing Date), the Bridging Dealer intends to carry out arbitrage activities between the Singapore and Hong Kong markets (as set out in the sub-section headed "Listings, Registration, Dealings and Settlement — Bridging Arrangements" in this Listing Document). Such arbitrage activities are intended to contribute to the liquidity of our Shares on the Hong Kong market by facilitating the migration of Shares to the Hong Kong Branch Share Register to develop an open market in our Shares in Hong Kong following the Introduction. One should be aware, however, that the bridging arrangements are subject to the Bridging Dealer's ability to sell our Shares or obtain sufficient number of Shares for settlement on the Hong Kong market, as well as the existence of adequate price differentials between the Hong Kong and Singapore markets.

We cannot guarantee you that the bridging arrangements will attain and/or maintain liquidity in our Shares at any particular level on the Stock Exchange, nor is there assurance that an open market will in fact develop. The bridging arrangements will also be terminated and ceased to continue beyond the Bridging Period (being the 30-day period from and including the Listing Date).

We also cannot guarantee you that the price at which our Shares are traded on the Stock Exchange will be substantially the same as or similar to the price at which our Shares are traded on the SGX-ST or that any particular volume of our Shares will trade on the Stock Exchange. The bridging arrangements being implemented in connection with the Introduction are not equivalent to the price stabilization activities that could be undertaken in connection with an initial public offering. In addition, the Bridging Dealer is not acting as a market maker and does not undertake to create or make a market in our Shares on the Stock Exchange.

RISKS RELATING TO OUR DUAL PRIMARY LISTING

There are different characteristics between the Singapore stock market and the Hong Kong stock market.

Our Shares have been listed and traded on the Main Board of the SGX-ST since July 2, 2001. Following the Listing, it is our current intention that our Shares will continue to be traded on the Main Board of the SGX-ST. Our Shares traded on the Stock Exchange will be registered by the Hong Kong Branch Registrar. As there is no direct trading or settlement between the stock markets of Singapore and Hong Kong, the time required to transfer shares between the Bermuda Principal Share Register and the Hong Kong Branch Share Register could vary and there is no certainty when transferred Shares will be available for trading or settlement.

The Main Board of the SGX-ST and the Main Board of the Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result, the trading price of our Shares on the Main Board of the SGX-ST and the Main Board of the Stock Exchange might not be the same.

Further, fluctuations in the price of our Shares on the Main Board of the SGX-ST could adversely affect the price of our Shares on the Main Board of the Stock Exchange, and vice versa. Moreover, fluctuations in the exchange rate between Singapore dollars and Hong Kong dollars can also adversely

affect the trading prices of our Shares on the Main Board of the SGX-ST and the Main Board of the Stock Exchange. Due to the different characteristics of the stock markets of Singapore and Hong Kong, the historical prices of our Shares on the Main Board of the SGX-ST might not be indicative of the performance of our Shares on the Main Board of the Stock Exchange after the Listing. You should therefore not place undue reliance on the prior trading history of our Shares on the Main Board of the SGX-ST when evaluating an investment in our Shares through the Main Board of the Stock Exchange.

We will be concurrently subject to Hong Kong and Singapore listing and regulatory requirements.

As we are listed on the Main Board of the SGX-ST and will be listed on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

The time lag of the transfer of Shares between the Hong Kong and Singapore markets could be longer than expected, and our Shareholders might not be able to settle or effect any Share sale during this period.

There is no direct trading or settlement between the stock exchanges of Singapore and Hong Kong. To enable the transfer of Shares between the two stock exchanges, our Shareholders are required to comply with specific procedures and bear the necessary costs. Under normal circumstances and assuming that there are no deviations from the usual share transfer procedures, our Shareholders can expect a normal transfer from the Bermuda Principal Share Register to the Hong Kong Branch Share Register to complete within 15 Business Days and from the Hong Kong Branch Share Register to the Bermuda Principal Share Register within 15 Business Days depending on whether our Shares are registered under CCASS, CDP or in the name of our Shareholders. However, we cannot assure you that the transfer of Shares will be completed in accordance with this timeline. There could be unforeseen market circumstances or other factors that could delay the transfer, thereby preventing our Shareholders from settling or effecting the sale of their Shares.

You could experience difficulties in enforcing your shareholder rights because we are incorporated in Bermuda, and the laws of Bermuda for minority shareholders' protection could be different from those under the laws of Hong Kong and other jurisdictions.

We are a company incorporated in Bermuda with limited liability, and the laws of Bermuda differ in some respects from those of Hong Kong or other jurisdictions where investors might be located. Our corporate affairs are governed by our Bye-laws, the Bermuda Act and the common law of Bermuda. The laws of Bermuda relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedents in existence in other jurisdictions. This could mean that the remedies available to our Company's minority Shareholders could be different from those they would have under the laws of other jurisdictions.

RISKS RELATING TO STATEMENTS MADE IN THIS LISTING DOCUMENT

Forward-looking statements contained in this Listing Document are subject to risks and uncertainties.

This Listing Document contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "aim", "anticipate", "believe", "estimate", "expect", "going forward", "intend", "ought to", "plan", "potential", "project", "seek", "may", "might", "can", "could", "will", "would", "should", "is likely to", and the negative form of these words and other similar terms. Prospective investors are cautioned that reliance on any forward-looking statements involves risk and uncertainties and that, although our Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward- looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this Listing Document should not be regarded as our representations that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

One should not rely on any information contained in press articles or other media regarding our Company and the Introduction.

You should not rely on any information contained in press articles or other media regarding our Company and the Introduction. Prior to the publication of this Listing Document, there could be certain press and media coverage regarding our Company and the Introduction that include certain financial information, industry comparisons, profit forecasts and other information about our Company that does not appear in this Listing Document. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Prospective investors should not rely on any such information and should only rely on information included in this Listing Document in making any decision as to whether to invest in our Shares.

In preparation for our Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules:

ISSUANCE OF SECURITIES

Rule 10.08 of the Hong Kong Listing Rules prohibits the issue of further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) or the forming of the subject of any agreement to such an issue within six months from the date on which securities of the listed issuer first commence dealing on the Stock Exchange (whether or not such issue of shares or securities will be completed within six months from the commencement of dealing), except for certain circumstances specified in Rule 10.08 of the Hong Kong Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the restrictions on further issue of securities within the first six months following the Listing under Rule 10.08 of the Hong Kong Listing Rules on the following conditions:

1. any issue of Shares (or convertible securities) by our Company during the first six months after the Listing must be either (i) for cash to fund a specific acquisition; (ii) as partial or full consideration for a specific acquisition; or (iii) in relation to the exercise of share option rights by the relevant grantees pursuant to the Existing Employee Share Option Scheme and the Share Option Scheme III; and

2. any acquisition mentioned in item (1) above must be for assets or businesses that will contribute to the growth of our operations.

The reasons for application for the above waiver are as follows:

1. our Listing is not a fund-raising exercise and it does not involve any issue of new Shares. As such, our Listing itself would not result in any dilution of our existing Shareholders' interests in our Company;

2. one of the purposes of our Listing is to create a strong Hong Kong shareholder base and liquidity for our Shares in Hong Kong. Existing Shareholders and new investors would be prejudiced if our Company is restricted from issuing Shares in the first six months after the Listing since further expansion of our Company would require additional funds and any fund-raising exercise of our Company would have to be put on hold, delayed or renounced due to restrictions under Rule 10.08 of the Hong Kong Listing Rules that may involve the issuance of new Shares, which in turn will affect our business development and is not in the interests of our existing Shareholders and new investors;

3. whilst our Board currently has not concluded any fund-raising plan, there may be windows of opportunity for us that may involve the issuance of new Shares within the first six months after our Listing. By making the waiver applications, we will not miss any window of opportunity that may involve the issuance of new Shares in order to capture business opportunities;

4. we are deemed to be a new listing applicant only by reason of our Introduction whereas our Shareholders remain the same and there is no change to their respective shareholding interests in our Company, save that our Shares will be listed on the Main Board of the Stock Exchange as well as the SGX-ST. Our existing Shareholders should have already gained awareness and knowledge of our Company;

5. share options were granted and will be granted to a number of eligible participants as defined in our Existing Employee Share Option Scheme and our Share Option Scheme III. As of the Latest Practicable Date, there were 20,572,800 share options outstanding and the latest date for the grantees to exercise such share option rights will be on or before October 1, 2019. Strict compliance with Rule 10.08 of the Hong Kong Listing Rules would deprive the above-mentioned grantees from exercising their share option rights according to our Existing Employee Share Option Scheme and our Share Option Scheme III; and

6. the interests of our Shareholders are well protected since any further issuance of Shares after our Introduction will have to be conducted under the general mandate (the "**Share Issue Mandate**") that was obtained on July 30, 2013. Pursuant to our Share Issue Mandate, the aggregate number of issued Shares in the capital of our Company excluding treasury Shares (if any) is 372,720,000 of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing Shareholders of our Company must not exceed 10% of the total number of issued Shares in the capital of our Company. Our Share Issue Mandate is valid until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law or the Bye-laws to be held, whichever is the earlier.

DEALINGS BY CONNECTED PERSONS

Rule 9.09(b) of the Hong Kong Listing Rules provides that there must be no dealing in the securities for which listing is sought by any Connected Person of our Company from four clear Business Days before the expected hearing date for the Introduction until the Listing is granted (the "**Relevant Period**").

In the context of a listing by way of introduction of a publicly traded company, we have no control over the investment decision of our Shareholders. There may be Shareholders who currently hold less than 10% of our total issued Shares but who may acquire further Shares during the Relevant Period and thereby become new substantial shareholders (the "**New Substantial Shareholders**") of our Company that will be regarded as Connected Persons of our Company according to the Hong Kong Listing Rules and are therefore subject to the restrictions under Rule 9.09(b) of the Hong Kong Listing Rules.

We consider that it would be unfair to our Company if the non-compliance by any New Substantial Shareholders or their respective associates with the dealing restrictions under Rule 9.09(b) of the Hong Kong Listing Rules is to jeopardize our listing application as we are not in a position to control dealings in our Shares by the New Substantial Shareholders and their respective associates.

Accordingly, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 9.09(b) of the Hong Kong Listing Rules in respect of any dealings in our Shares by our New Substantial Shareholders and their respective associates during the Relevant Period, on the following conditions:

1. our New Substantial Shareholders and their respective associates have not been, and will not be, involved in our management and administration or the Listing;

2. we and our management do not have control over the investment decisions of the New Substantial Shareholders, their respective associates and the public investors;

3. we will promptly release any inside information to the public in accordance with all the applicable laws, rules and regulations;

4. none of our Substantial Shareholders, namely Max Power and Global Success, our Directors and our senior management and any of their respective associates have dealt and will deal in our Shares during the Relevant Period; and

5. we will notify the Stock Exchange if there is any dealing or suspected dealing in our Shares by any Connected Person during the Relevant Period.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS LISTING DOCUMENT

This Listing Document, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Listing Document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Listing Document misleading.

RESTRICTIONS ON THE USE OF THIS LISTING DOCUMENT

This Listing Document is published solely in connection with the Introduction. It may not be used for any other purpose and, in particular, no person is authorized to use or reproduce this Listing Document or any part thereof in connection with any offering of Shares or other securities of our Company. Accordingly, there is no, and will not be any, offer of or solicitation, or an invitation by or on behalf of our Company and/or our Sole Sponsor to subscribe for or purchase, any of our Shares. Neither this Listing Document nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Introduction may be used for the purpose of, and the delivery, distribution and availability of this Listing Document or such other document or information (or any part thereof) does not constitute any offer of or solicitation or an invitation by or on behalf of our Company and/or our Sole Sponsor, to subscribe for or purchase any of our Shares.

NO CHANGE IN THE NATURE OF OUR BUSINESS

No change in the nature of our business is contemplated immediately following the Introduction.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for listing of, and permission to deal in, on the Main Board of the Stock Exchange, our Shares in issue and any Shares to be issued upon the exercise of options that have been granted under the Existing Employee Share Option Scheme or the options to be granted under ESOS III. Our Company's listings on both the Main Board of the Stock Exchange and the Main Board of the SGX-ST will be dual primary listings. Consequently, unless otherwise agreed by the SGX-ST or, as the case may be, by the Stock Exchange, we must comply with the Hong Kong Listing Rules and the Singapore Listing Manual and any other relevant regulations and guidelines in Hong Kong and Singapore that are applicable to our Company. In the event where there is a conflict or an inconsistency between the requirements of the listing rules of the two stock exchanges, the listing rules with the more onerous requirements shall prevail. Our Directors will use their best endeavors to ensure that no release of information will be made in Singapore unless a simultaneous release is made in Hong Kong and vice versa.

As Shareholders' approval is required for matters relating to the proposed Listing and the proposed amendments to the Bye-laws to, amongst other things, comply with the requirements of the Hong Kong Listing Rules and the Singapore Listing Manual, a circular in relation to such matters was submitted to the SGX-ST for clearance on May 27, 2013. On June 21, 2013, our Company received the requisite clearance for the contents of the circular and such circular was dispatched by our Company on July 5, 2013 to our Shareholders. A special general meeting of our Company was consequently held on July 30, 2013 whereby resolutions were passed for, inter alia, the approval of matters relating to the proposed Listing and the proposed amendments to the Bye-laws. Save as disclosed aforesaid, no approval from the SGX-ST is required for the proposed Introduction or the Listing.

Details of the arrangement for the removal of Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register or from the Hong Kong Branch Share Register to the Bermuda Principal Share Register are set out in the section headed "Listings, Registration, Dealings and Settlement" in this Listing Document.

Dealings in our Shares on the Main Board of the Stock Exchange are expected to commence on December 6, 2013. Save as disclosed herein, none of our Shares are listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future. Our Shares will be traded on the Main Board of the Stock Exchange in board lots of 5,000 Shares and the stock code of the Shares will be 854.

INFORMATION ON THE INTRODUCTION

Our Company has not authorized anyone to provide any information or to make any representation not contained in this Listing Document. You should not rely on any information or representation not contained in this Listing Document as having been authorized by our Company or our Sole Sponsor, or any of its or their respective directors, or any other person involved in the Introduction. Neither the delivery of this Listing Document nor any offering, sale or delivery made in connection with our Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our Company's affairs since the date of this Listing Document or imply that the information contained in this Listing Document is correct as of any date subsequent to the date of this Listing Document. In making an investment decision, investors must rely on their own examination of our Group and the merits and risks involved.

CONDITIONS OF THE INTRODUCTION

The Listing will be conditional upon the granting by the Listing Committee of the listing of, and permission to deal in, our Shares in issue and any Shares that could be allotted and issued pursuant to the exercise of the options granted under ESOS II or the options to be granted under ESOS III, on the Main Board of the Stock Exchange.

REASONS FOR THE DUAL LISTING AND THE INTRODUCTION

Our Company has been listed on the Main Board of the SGX-ST since July 2001. While our Directors consider that it is important to maintain the Singapore listing, they consider that it would be desirable and beneficial for our Company to have a dual primary listing of our Shares in both Hong Kong and Singapore as our Directors believe that the stock markets in Hong Kong and Singapore attract different investors. The dual listing is likely to provide our Company with ready access to two different equity markets if any opportunity arises. It could also increase the investor base of our Company. Further, listing on the Stock Exchange could enhance our Company's profile in Hong Kong and the PRC, facilitate investment by Hong Kong investors, enable our Company to gain access to Hong Kong's capital markets and benefit our Company by exposing us to a wide range of private and institutional investors. Our Directors consider that this is important for our potential future growth and long term development, since in particular, our operations are principally located in Hong Kong and in the PRC.

STAMP DUTY

Dealings in our Shares registered in our Hong Kong Branch Share Register will be subject to stamp duty in Hong Kong.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the CCASS Rules.

All necessary arrangements have been made for our Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your licensed securities dealers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

Shareholders and investors should consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in, or the exercise of any rights in relation to, our Shares. It is emphasized that none of our Company, our Sole Sponsor, any of our and their respective directors, agents or advisers or any other person involved in the Introduction accepts responsibility for any tax effects or liabilities of holders of our Shares resulting from holding or dealing in, or the exercise of any rights in relation to, our Shares.

REGISTERS OF MEMBERS

Our Bermuda Principal Share Register and share transfer office in Bermuda are maintained by our Bermuda Principal Registrar, our transfer agent in Singapore is Intertrust Singapore Corporate Services Pte. Ltd. and our Hong Kong Branch Share Register will be maintained by our Hong Kong Branch Registrar.

CONSEQUENCES OF HOLDING AN INTEREST IN SHARES

Holders and beneficial owners of our Shares should be aware that they may be subject to certain legal requirements under Hong Kong law and the Hong Kong Listing Rules, including, for example, reporting obligations upon reaching certain specified ownership thresholds. You should consult your own legal adviser as to the Hong Kong legal consequences of investing in our Shares. As our Company is also listed on the Main Board of the SGX-ST, Shareholders will also be subject to applicable requirements under Singapore law and the Singapore Listing Manual.

DIRECTORS

Name	Address	Nationality
Executive Director and Chairman		
Leung Chun Wah	25B, Block 1, Provident Center, Wharf Road, North Point, Hong Kong	Chinese
Executive Directors		
Kwok Chan Cheung	No.11, 4th Street, Section E, Fairview Park, Yuen Long, New Territories, Hong Kong	Chinese
Hung Yuk Choy	No.1 & 1A, Pinery Road East, Fairview Park, Yuen Long, New Territories, Hong Kong	Chinese
Hon Kar Chun	Flat G, 26th Floor, Block 8 Royal Ascot, No. 1 Tsun King Road, Fo Tan, New Territories, Hong Kong	Chinese
Independent Non-executive Directors		
Jovenal R. Santiago	82 Jalan Daud #14-02 Windy Heights Singapore 419592	Filipino
Wong Kwan Seng, Robert	3 Pandan Valley, #13-310 Chempaka Court, Singapore 597627	Singaporean
Iu Po Chan, Eugene	Flat D, 3rd Floor, Sung King Building, 31 Sung Kit Street, Hung Hom, Kowloon, Hong Kong	Chinese

PARTIES INVOLVED IN THE INTRODUCTION

Sole Sponsor	Octal Capital Limited 801-805, 8/F, Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Legal Advisers to Our Company	*As to Hong Kong law:* Jones Day 31/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to Singapore law:* WongPartnership LLP 12 Marina Boulevard 28/F Marina Bay Financial Centre, Tower 3 Singapore 018982 *As to PRC law:* Haiwen & Partners 21/F Beijing Silver Tower No.2 Dong San Huan North Road Chaoyang District Beijing 100027 PRC *As to Taiwan law:* Jones Day 8/F, 2 Tun Hwa South Road, Section 2 Taipei, 106 Taiwan *As to Bermuda law:* Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Legal Advisers to Our Sole Sponsor	*As to Hong Kong law:* Pinsent Masons 50/F Central Plaza 18 Harbour Road Hong Kong

	As to PRC law: Jingtian & Gongcheng Shanghai Branch Suite 1202-1204, K. Wah Centre 1010 Huaihai Road (M) Xuhui District Shanghai 200031 PRC
	As to Taiwan law: LCS & Partners 5F., No.8, Section 5, Sinyi Road Taipei City 110, Taiwan
Auditor	Deloitte & Touche LLP Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809
Reporting Accountants	Deloitte Touche Tohmatsu Certified Public Accountants 35/F One Pacific Place 88 Queensway Hong Kong
Property Valuer	DTZ Debenham Tie Leung Limited 16/F, Jardine House 1 Connaught Place Central Hong Kong

Registered Office	:	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Headquarters and Principal Place of Business	:	24/F Wyler Centre, Phase 2 200 Tai Lin Pai Road Kwai Chung, New Territories Hong Kong
Company's Website	:	www.willas-array.com *(information on our Company's website does not form part of this Listing Document)*
Company Secretary	:	Leung Hon Shing Flat E, 16th Floor, Block 8, Discovery Park, 398 Castle Peak Road Tsuen Wan, New Territories Hong Kong
Authorized Representatives	:	Hon Kar Chun Flat G, 26th Floor Block 8 Royal Ascot No. 1 Tsun King Road Fo Tan, New Territories Hong Kong Leung Hon Shing Flat E, 16th Floor, Block 8, Discovery Park, 398 Castle Peak Road Tsuen Wan, New Territories Hong Kong
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

Compliance Adviser	:	Octal Capital Limited 801-805, 8/F, Nan Fung Tower 173 Des Voeux Road Central Hong Kong
Principal Bankers	:	Standard Chartered Bank 4-4A Des Voeux Road, Central Hong Kong
Bermuda Principal Registrar and Transfer Office	:	Appleby Management (Bermuda) Limited Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Singapore Transfer Agent	:	Intertrust Singapore Corporate Services Pte. Ltd. 3 Anson Road #27-01 Springleaf Tower Singapore 079909
Hong Kong Branch Registrar and Transfer Office	:	Boardroom Share Registrars (HK) Limited 31/F, 148 Electric Road North Point Hong Kong

The information and statistics set out in this section have been extracted from various publicly available official sources and other industry sources. None of the information and statistics from these sources is commissioned by our Company. We have paid for industry research reports from BCC Research in preparing this section. The information and statistics compiled by BCC Research are not representation of fact. Each such information or statistics speaks as at its original publication date (and not as of the date of this Listing Document), and are subject to change without notice. We, nevertheless, believe these sources are appropriate for such information and statistics, and we have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. Such information and statistics have not been independently verified by us, our Sole Sponsor, or any of their respective directors and advisers or any other party involved in the Introduction and no representation is given as to their accuracy. The information and statistics set out in this section may not be consistent with other information compiled by other official or unofficial sources. Nevertheless, we have taken reasonable care in extracting and reproducing such information and statistics.

NON-COMMISSIONED REPORTS PURCHASED FROM BCC RESEARCH

In preparing this Industry Overview section, we purchased from BCC Research two industry research reports, namely *Active Electronic Components: Technologies and Global Markets* and *Passive and Interconnecting Electronic Components: Technologies and Global Markets,* both of which were published in January 2012. The reports we purchased are non-commissioned and have been prepared by BCC Research independently. We paid US$6,418 to BCC Research for the two reports and consider that such fees reflect market rates. The two reports were produced by BCC Research's analyst who holds a degree in mechanical engineering, and has had more than 40 years' experience in senior positions in the manufacturing industry. The analyst has researched and written more than 30 technology market research reports for BCC Research since 2006.

BCC Research is a U.S. market research firm founded in 1971 that produces market research reports, newsletters and conferences for organizations in the industrial, pharmaceutical, and high technology industry. It specializes in industry analysis and market forecasts in advanced materials, high-tech systems and components, nanotechnology and novel processing methods.

As advised by BCC Research, the information contained in the reports was derived from data and intelligence collected from various sources. The primary sources of information are interviews with individuals who are highly knowledgeable in the industries. Additional primary sources of information include various research organizations, governmental agencies and trade associations. Secondary information sources include financial reports and balance sheets of various companies, reports of and message from various industry associations in the markets, technical articles from various sites and online publications, market reports from various sources and other published information. The forecasts in the reports were produced by BCC Research's analysts, based on market data and intelligence from primary sources active in the market, and verified when possible via secondary research sources. The analysis was based on the assumption that developed economies in the world will remain stable over the forecast period and technology advances will continue to drive growth especially in the non-commodity segments.

BCC Research advised us that it has carried out extensive examination on all data and forecasts and has exercised due care in collecting and reviewing the information.

OVERVIEW OF THE ELECTRONIC COMPONENTS INDUSTRY

Introduction

Electronic components are the basic building blocks in all kinds of electronic devices and appliances. They form parts of electronic circuitry and are used or manufactured in the field of electronics for the purpose of controlling the flow of electrons to execute any electrical operation. Electronic components have been the major backbone of industries such as computers, telecommunications and consumer electronics. They are also increasingly used in industries such as automotive, medical electronics, aerospace and defense. The electronic components industry supplies various components needed for the electronic industry to build various electronic products. These complementary industries form a major segment in national economies around the world.

By definition, electronic components are basic electronic elements usually packaged in a discrete form with two or more connecting leads or metallic pads. These components are intended to be connected together, usually by soldering to a printed circuit board (PCB), to create an electronic circuit. There are two major groups of components — a large family of active components and a small group of passive and interconnecting components as explained below.

Active electronic components are the semiconductor products that supplanted the previous generation of vacuum tube devices. These active semiconductor products contain semiconducting material (such as silicon), which can increase the power of an electrical signal as they are powered by a source of electricity separate from the electrical signal. Common examples of semiconductors include integrated circuits (ICs), memory devices, microprocessors, microcontrollers and MOSFETs.

Passive components generally refer to components that can interrupt, resist, or otherwise influence a current flow, but cannot control it. In effect, they are used to enhance or supplement the performance of ICs. Unlike active components, they do not require a separate source of electric power for their operation. Passive devices cover a vast range of components whose electrical characteristics are usually independent of any applied voltage. Primarily passive components include resistors, capacitors and inductors and derivatives of these, such as potentiometers, variable capacitors and transformers.

Interconnecting components are, as the name suggests, used to connect a variety of active components and passive components into an electronic assembly that controls a system. Examples of interconnecting components include printed circuit boards, connectors, fuses, relays, switches and other electromechanical components.

The Market of Electronic Components

Primary end-users of electronic components are electronic equipment manufacturers such as original equipment manufacturers (OEMs). Demand for electronic components is primarily influenced by the prevalent conditions in end-use markets such as telecommunications, computing and consumer electronics. In other words, the demand for electronic components is a derived demand. The vast majority of both active and passive components are installed in OEM products like consumer electronics, motor vehicles, telecom equipment, factory automation systems, military hardware and other electronic goods. A far smaller portion enters the maintenance, repair or operations sector. The electronic components market is highly fragmented and characterized by the presence of a large number of electronic equipment manufacturers.

Growth in electronic components is characterized by the development of technologies and innovations in the electronic industry. Each sector is driven by a key trend that stimulates the growth of that industry. For instance, the demand in the telecommunications industry is characterized by the expansion of the communications network across the world. The increasing adoption and transition toward third and fourth generation telecommunications (3G/4G) technologies and increasing bandwidth in Internet communication have stirred the need for electronic devices, thereby leading to the growth of electronic components.

The long-term global demand for electronic components is expected to remain strong during the current decade. Ongoing advances in information technology, expansion of the global Internet infrastructure, new generations of handheld and wireless devices, and rising electronic content in original equipment products are some of the key factors in the growth of demand. The Asia Pacific region will remain a strong net exporter of electronic components, while all other regions will continue to be net importers.

Major Applications for Electronic Components

For the purpose of producing the reports, BCC Research has divided the applications for electronic components into the following six segments, though some of the applications in these segments overlap with each other. Such segmentation is also not entirely in line with our own classification of business segments, which has categorized our products into nine different segments instead of six. For instance, we have segregated the lighting segment from industrial electronics into a standalone segment in 2012 to reflect the increasing revenue from this segment. Further, there are two segments under our classification, namely dealers and EMS, which are categorized according to the nature of our customer instead of the application. Nevertheless, the classification by BCC Research below provides a general yet comprehensive overview of the electronic components applications.

1. Information Technology

Information technology encompasses activities related to information processing. Electronic components are being used in desktop and portable computers, computer peripheral goods, printers, scanners, photocopiers and other computing and digital imaging hardware. These components are also used in the vast array of goods associated with the Internet, such as routers, servers and network

processors. Particularly, the microprocessor in computers, which is essentially a complex IC, performs complicated calculations and coordinate activities with the supports of other discrete semiconductors and passive components.

2. Telecommunications

Applications of telecommunications include mobile phones and landline phones, remote controls, set-top boxes and global telecommunications infrastructure such as satellites, base stations and network equipment. Globally, a significant area of electronic component usage is in telecommunications, which includes the recent substantial growth seen by the mobile handset market due to the innovations of the smartphones.

3. Automotive Electronics

Automobiles employ electronic control units for functions including engine control, steering, braking, traction control, emission control, airbag deployment, security, climate control, lighting and onboard information and entertainment. All these applications require a variety of electronic components that meet the high quality and reliability standards set by the automotive industry.

4. Industrial Electronics

The industrial electronics segment comprises a very wide range of applications, ranging from automation, environment, building control, to fire and security, power and energy, transportation and other applications such as vending machines and broadcast equipment. Industry-related applications comprise about one-fifth of electronic components.

5. Consumer Electronics

Consumer electronics denotes electronic equipment intended for everyday use, most often in entertainment, communications and office productivity. An important characteristic of consumer electronic products is the trend of ever-falling prices. This is driven by gains in manufacturing efficiency and automation, lower labor costs and improvements in semiconductor designs. Examples of consumer applications that utilize electronic components include television sets, home theatre devices, video game devices, portable audio devices, digital still and video cameras and white appliances such as refrigerators and washing machines.

6. Other Electronic Applications

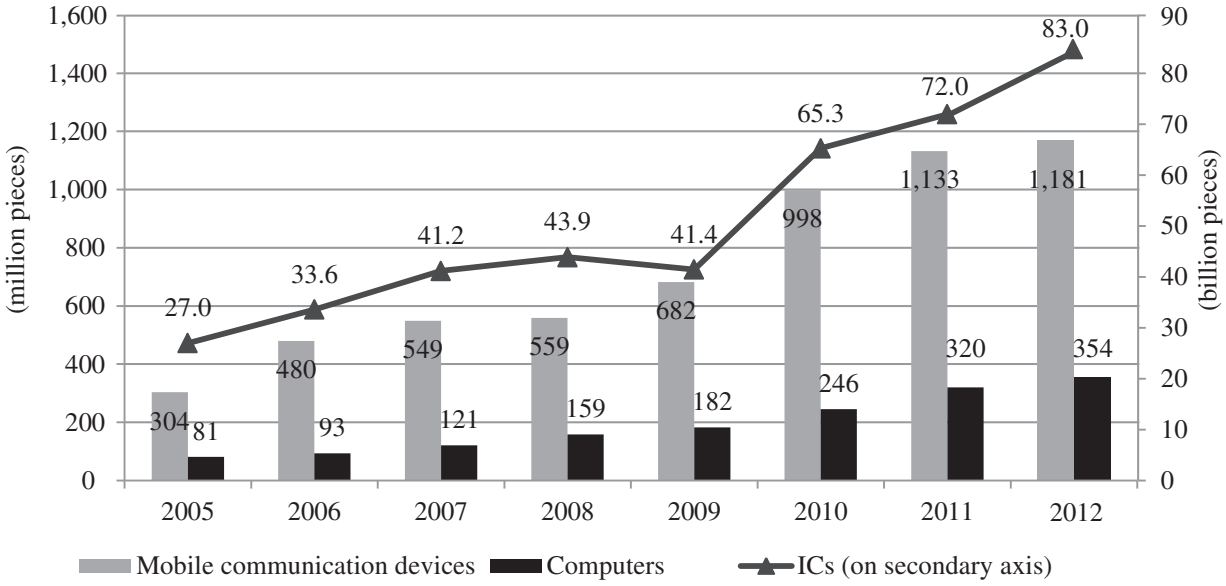
Medical and other applications not discussed above account for the remaining shares of the global market for electronic components. Medical electronics, or more specifically the instrumentation used in physiological measurement, have changed significantly over the last few years. Developments in electronics technology have offered new and enhanced applications, especially in the areas of data recording and analysis and imaging technology. Medical applications include imaging, home healthcare and cardiac rhythm management and others.

Overview of Primary Electronic Components Markets in Asia Pacific

China

China remains the strongest country for electronic equipment production. It has been the main beneficiary of the relocation of high-volume electronics manufacturing facilities to low-cost countries. Its vast domestic market, labor supply and focus on low-cost production have enabled it to become the major production hub within Asia. China has seen the highest growth in the last decade, becoming the largest global electronics manufacturer in 2006. The chart below illustrates the production volume of mobile communication devices computers and ICs in China, for the period from 2005 to 2012:

China electronic devices production volume, 2005-2012



Source: China Statistical Yearbook 2012, and website of National Bureau of Statistics of China

The electronics industry continues to play a major role in China's growing GDP, contributing an average of approximately 10% annually to GDP growth since 2003. From 2001 to 2007, annual sales revenues grew at an average rate of 28%. Growth rates reached a peak of approximately 41.2% in 2004, but slowed to more sustainable levels in following years. Growth held above 20% for the first half of 2008, but dropped to single digits in the wake of the global economic slowdown in the second half of 2008. Despite the slowdown due to the global economic crisis in late 2008, China still projects a high sales revenue growth rate for the electronic industry in the coming years. In 2010, the aggregate revenue for a selected 46 electronic equipment types in China reached approximately US$620 billion.

China's electronics industry growth has been driven by a combination of factors that include domestic and international demand, strong government support and a favorable business climate for attracting foreign investment and technologies. With rising incomes and improved living conditions, especially in China's urban areas, demand for personal computers, mobile phones, liquid-crystal

displays (LCD), home appliances, multifunctional chips and newly emerging electronic technologies has grown rapidly and continues to do so. Likewise, China's inexpensive consumer electronic products have attracted increasing demand from abroad.

In addition, the PRC government's categorization of electronics as a "strategic industry" has fuelled development of electronics enterprises. China has been encouraging cities to establish industrial parks as incubators for electronics enterprises and providing financial aid to research and development initiatives. It also is paying increasing attention to the environmental impact of the electronics industry. At the end of 2010, China had 30 to 50 globally competitive state-owned enterprises in the electronics industry.

Taiwan

Over recent years the Taiwanese electronics industry has been undergoing a major structural change, whereby the leading domestic companies are relocating production offshore, principally to China, to reduce costs. Semiconductor production represents the major sector of the Taiwanese electronics industry. Taiwan Semiconductor Manufacturing Company (TSMC) and United Microelectronics (UMC), the world's leading semiconductor foundries, are both Taiwanese companies with significant wafer fabrication capacity in the country. With Taiwan also having assembly, packaging, test, and design capacity, it is a major player throughout the semiconductor supply chain.

Taiwanese firms are also the world's largest suppliers of computer monitors and leaders in PC manufacturing, although now much of the final assembly of these products occurs overseas, typically China. Taiwan firms are increasingly acting as management centers that take in orders, produce the goods to fulfill them in Taiwan, mainland China or Southeast Asia, and then ship the final products to the U.S. and other markets that generated the orders.

Japan

Although Japan has seen a significant volume of manufacturing being moved offshore, it will continue to exert a major influence in the production of electronic equipment and components. Growth in Japan is expected to occur in consumer electronics and components, driven by the demand for products such as LCD televisions. It is expected that price pressures will force Japan to move more manufacturing sites offshore in the long term. Japanese companies are expected to initially produce new products in Japan before manufacturing is moved to lower-cost countries.

Japan is a major supplier of electronic components such as NAND flash used in smartphones and other mobile devices, and DRAM, which is the system memory used in PCs. Japan also makes more than half of the silicon wafers used in making chips for a variety of electronic devices, along with the anisotropic conductive film in LCD circuits and the resin that connects chips on circuit boards. Unfortunately the massive earthquake in March 2011 and the subsequent tsunami in the northern part of Japan have destabilized their supplies. The threat of component shortages as Japanese manufacturers struggle with power outages and disrupted supply chains in the aftermath of the devastating earthquake has resulted in some excessive buying by application manufacturers anticipating shortage of supplies.

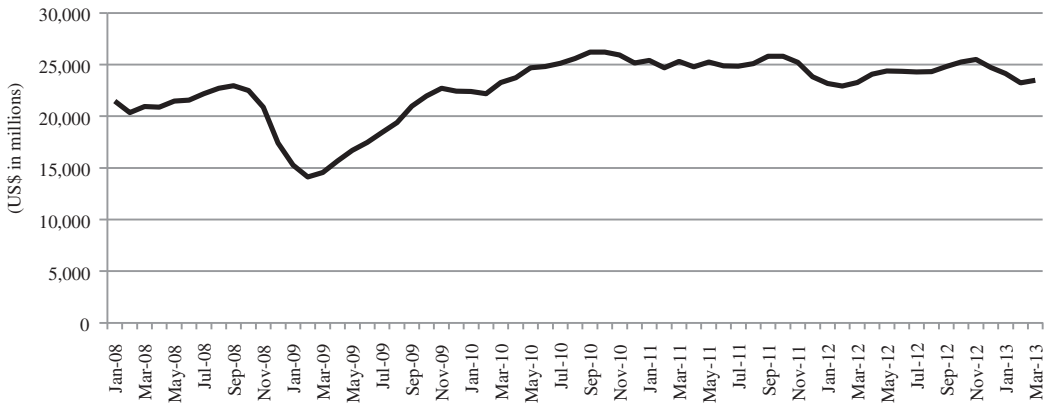
As we are primarily engaged in the distribution of active components and passive and interconnecting components in the Asia Pacific region, the following paragraphs will emphasize on the active components market, the passive and interconnecting components market and the competitive landscape of distributorship in the Asia Pacific region.

THE ACTIVE COMPONENTS MARKET

The active semiconductor family can be broken down into ICs on the one hand and, discretes plus optoelectronics, on the other. IC devices can be further divided into memory chips, digital ICs, microprocessors, and others. Microprocessors are very large-scale ICs, commonly referred to as "computers on a chip" since they feature processing, memory, access, and input/output capacity. They are the most important subgroup of the active components, which account for almost 90% of ICs (while ICs in turn account for more than 80% of all semiconductor products). The remaining 20% are discretes and optoelectronics components such as transistors, diodes, MOSFETs, image sensors and LED lamps and displays. Given the multifunctional capability of microprocessors, they are expected to continue to enjoy the best market prospects.

Worldwide Semiconductor Sales

Worldwide semiconductor sales, three month moving averages, Jan 2008 to Mar 2013

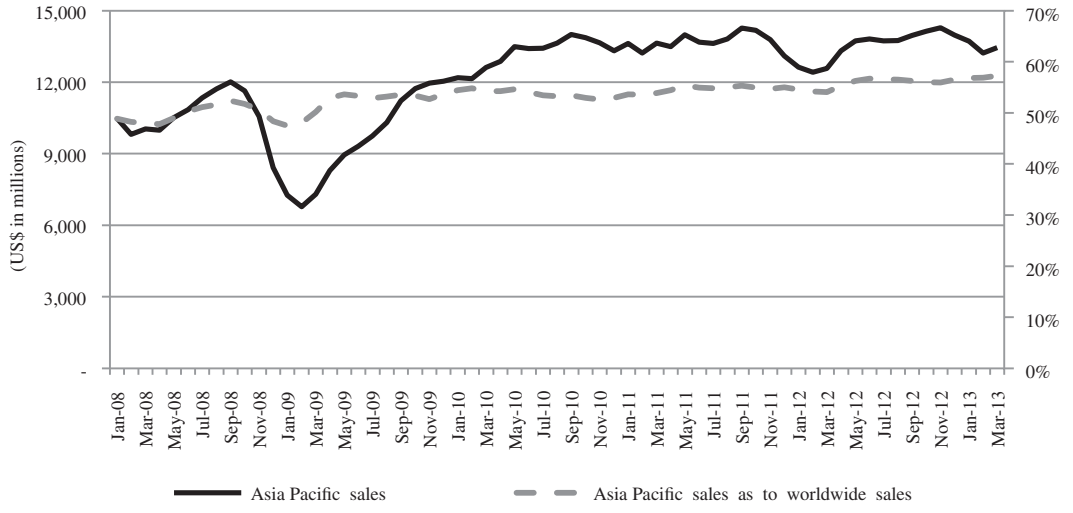


Source: Semiconductor Industry Association, GSR, May 2013

Pursuant to the *Global Sales Report* (GSR) published by SIA which presents the three-month moving average of semiconductor sales activity, in the first quarter of 2013 the global semiconductor industry has seen modest but consistent growth compared to 2012. For the year 2012, worldwide semiconductor sales reached approximately US$291.6 billion, the industry's third-highest yearly total ever but a decrease of approximately 2.7% from the record total of approximately US$299.5 billion set in 2011. The record sales for 2011 also represent a year-on-year increase of approximately 0.4% from the approximately US$298.3 billion recorded in 2010. In early 2009, due to the global financial crisis, monthly worldwide sales plunged to approximately US$14.1 billion, though it gradually reclaimed the loss in late 2009 as the economy recovered.

Semiconductor Sales in Asia Pacific

Asia Pacific semiconductor sales, three month moving averages, Jan 2008 to Mar 2013

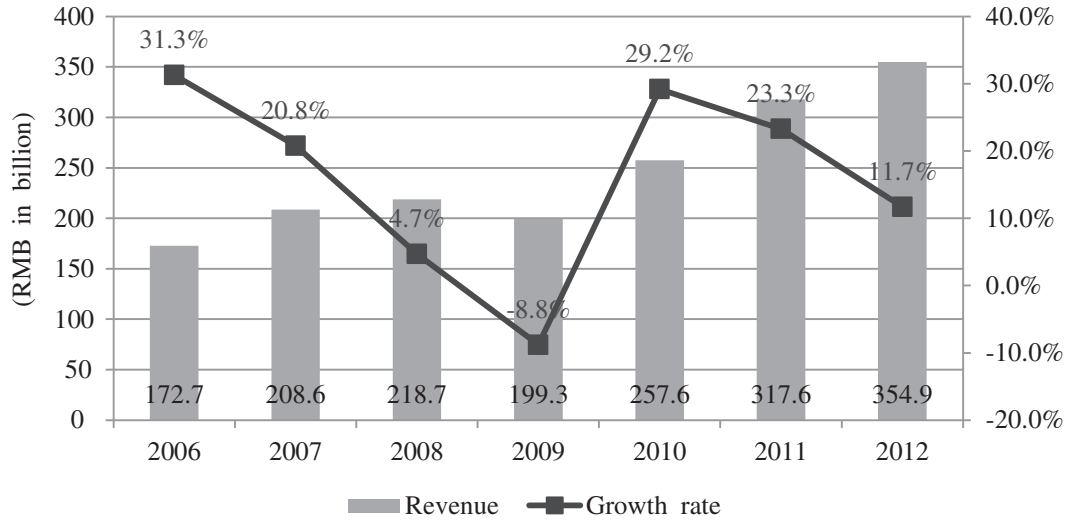


Source: Semiconductor Industry Association, GSR, May 2013

From the chart above, we note that the semiconductor sales in Asia Pacific closely follows the fluctuations of the worldwide sales figure, accounting for approximately 50% to 60% of the worldwide sales during the period January 2008 to March 2013. The percentage was in a stable upward trend from approximately 48.9% in January 2008, steadily increasing to approximately 57.3% in March 2013. According to BCC Research, semiconductor revenue within the Asia Pacific region is expected to increase at a CAGR of 11.9% from 2012 to 2017. Meanwhile growth within the European and North American markets is expected to lag behind at CAGRs of approximately 6.1% and 6.2%, respectively, for the same period.

Semiconductor Sales in China

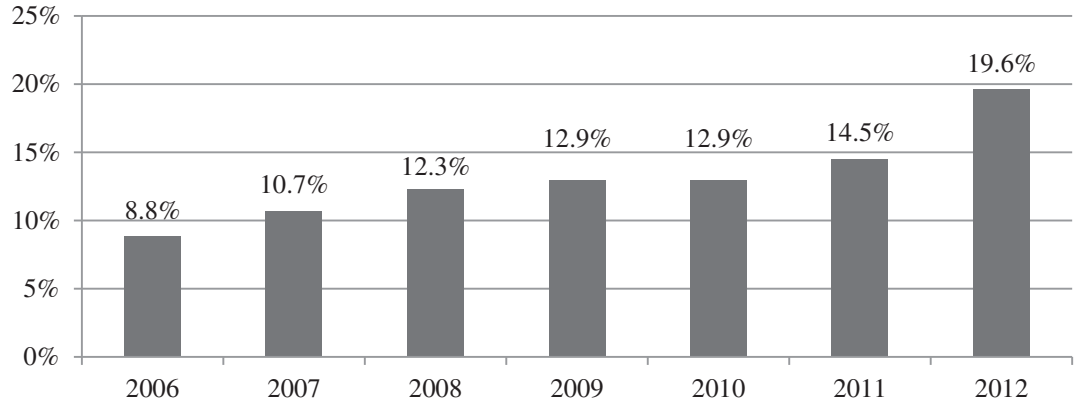
China semiconductor sales revenue, 2006-2012



Source: CSIA and CCID, "Report on the Development of the Semiconductor Industry in China" ("中國半導體產業發展狀況報告"), April 2013

As illustrated by the chart above, China's semiconductor sales revenue had a steady growth at a CAGR of approximately 12.8% during the period between 2006 to 2012, despite a slight decline in 2009 due to the global financial crisis in 2008. For the year 2012, the growth rate decreased to approximately 11.7% from 23.3% of the previous year, which was primarily due to a sluggish worldwide semiconductor market. However, it is worth noting that the CAGR of 12.8% in China for the period of 2006 to 2012 is significantly higher than the CAGR of the worldwide semiconductor revenue, which was approximately 2.8% for the same period, indicating that China has managed to outperform the rest of the world in the semiconductor industry. Owing to such growth rate, China's share of the worldwide semiconductor market surged form approximately 8.8% in 2006 to approximately 19.6% in 2012, accounting for approximately one-fifth of the world's total semiconductor sales as illustrated in the chart below. CSIA and CCID forecasted the CAGR of China's semiconductor sales revenue for 2013 to 2015 will be approximately 10%.

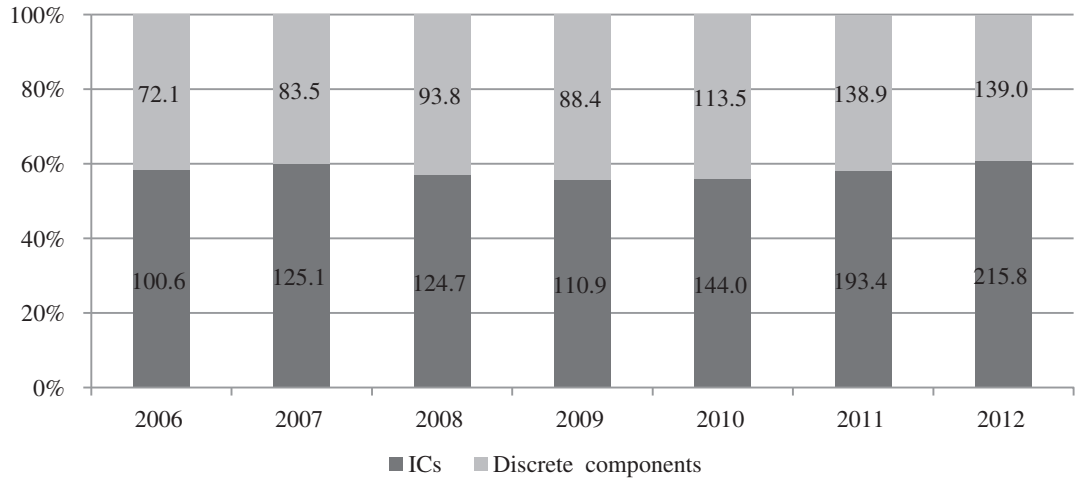
China semiconductor sales revenue as to worldwide sales, 2006-2012



Source: CSIA and CCID, "Report on the Development of the Semiconductor Industry in China" ("中國半導體產業發展狀況報告"), April 2013

The Semiconductor Market in China

The IC and discrete component market in China, 2006-2012
(RMB in billion)



Source: CSIA and CCID, "Report on the Development of the Semiconductor Industry in China" ("中國半導體產業發展狀況報告"), April 2013

As explained above, the active semiconductor family can be broken down into ICs and discrete components. In China's semiconductor market, the proportion of revenue from ICs compared to discrete components was consistently maintained at approximately 6:4 over the years. In the year 2012, memory chips accounted for the largest share, approximately 20.2%, of the China IC market. As for the application segments, computers, telecommunications and consumer electronics were the primary applications of ICs in China. Collectively, they accounted for approximately 87.2% of China's IC market. In particular, the demand for telecommunications related ICs has been rising, contributing to the growth of the overall IC market. Meanwhile, the applications for computers were on a downward trend due to the decline in personal computer business worldwide.

As for China's discrete components market, transistors retained the largest share in 2012, despite a slight decrease as compared to 2011. Market share of LED products, on the other hand, has been rapidly increasing due to the price decrease during the year. Transistors and LED products together accounted for approximately 80% of the discrete components market in China.

THE PASSIVE AND INTERCONNECTING COMPONENTS MARKET

Passive components represent a growing industry that will be driven by customer demand for specialized passive components and passive components in modular packages. There is room for both small and large companies in the passive component industry, and the value-added proposition of modular devices will be most advantageous, especially for small specialty companies.

Generally, the passives market has been showing soft growth rates, a result of the integration of passive functions inside active or electromechanical components. In the years to come, the passives market is expected to show new growth, which is attributable to the increasing use of passive components by ICs. On average, each IC has 20 passive components, and the increasing usage of passive components by ICs is expected to continue. However, the increase of the active components market will remain higher. This is a result of the rising use of digital electronic equipment, the wider application of memory and the growth in miniaturization and silicon integration.

The following table and figures indicate the markets for passive and interconnecting components by regions, for the year 2010 and the expected market figures for 2011, 2012 and 2017, along with the CAGR for the five year period from 2012 to 2017:

Region	2010		2011		2012		2017		CAGR 2012-2017
	(US$ in millions, except percentages)								
Asia Pacific	61,200	58%	68,000	57%	76,600	56%	131,500	62%	11.4%
Europe	17,190	16%	19,820	17%	22,370	17%	30,160	14%	6.2%
North America	16,900	16%	19,500	16%	22,900	17%	30,800	14%	6.1%
Rest of the world ...	10,200	10%	11,300	10%	14,100	10%	21,000	10%	8.3%
Total.....	105,490	100%	118,620	100%	135,970	100%	213,460	100%	9.4%

Source: BCC Research, "Passive and Interconnecting Electronic Components: Technologies and Global Markets", Jan 2012

We also note that the Asia Pacific region dominates the passive and interconnecting components market with a market figure of approximately US$61,200 million in 2010, with the CAGR for the period 2012 to 2017 projected to be approximately 11.4%. European and North American regions are far behind, with market figures of approximately US$17,190 million and US$16,900 million for the year 2010, respectively, and with CAGRs of approximately 6.2% and 6.1%, respectively, for the period 2012 to 2017. The following table further illustrates the passive and interconnecting components market within the Asia Pacific region:

Region	2010		2011		2012		2017		CAGR 2012-2017
	(US$ in millions, except percentages)								
China	21,320	35%	23,580	36%	26,170	34%	47,350	36%	12.6%
Japan	12,600	21%	10,600	16%	15,250	20%	25,600	19%	10.9%
Taiwan	11,950	19%	13,240	20%	13,830	18%	23,930	18%	11.6%
India	5,540	9%	6,430	10%	7,710	10%	12,720	10%	10.5%
South Korea	4,250	7%	4,910	8%	6,160	8%	10,460	8%	11.2%
Others	5,540	9%	6,240	10%	7,480	10%	11,440	9%	8.9%
Total	61,200	100%	65,000	100%	76,600	100%	131,500	100%	11.4%

Source: BCC Research, "Passive and Interconnecting Electronic Components: Technologies and Global Markets", Jan 2012

Within the Asia Pacific region, China is the largest market and is expected to continue to dominate the Asia Pacific region as well as the global market for passive and interconnecting electronic components. Japan, which once was the leader in electronic components production, is now in the second place. Taiwan, which has become a base for many major electronic equipment manufacturers, is poised to overtake Japan in the next decade or earlier.

THE COMPETITIVE LANDSCAPE OF DISTRIBUTORSHIP IN ASIA PACIFIC

Overview of the Components Distributorship Industry

A distributor of electronic components sells products manufactured by suppliers of electronic components. These suppliers sell their products into a diverse array of markets, ranging from computer to automobile makers, from appliance to telecom equipment manufacturers, from defense and aerospace contractors to governments agencies. Given such diverse applications of electronic components, it is common for the suppliers to notice product features appealing to one group of buyers may not be attractive to others. For example, some industries require multifunction chips while others prefer dedicated or single-function components. Pricing and product availability are also key consideration to equipment manufacturers. The electronic component distributor comes into the picture in these cases.

To equipment manufacturers, having trustworthy electronic component distributors not only helps in providing diverse electronic components under one roof but also ensures that good quality products are delivered to end customers on time. As such, most renowned suppliers of electronic components choose companies having a good reputation in the industry as their distributors.

To both suppliers and equipment manufacturers, they also seek certain competences and qualities in potential electronic component distributors. First of all, the distributor should have solid knowledge about the use of various electronic components in the applications. It is also necessary that the distributor has maintained good relationships with component suppliers all over the world so that rare or newly developed components can be sourced as soon as possible. However, the most important aspect of distributors to suppliers and equipment manufacturers is their integrity and goodwill. If a distributor does not enjoy a sound reputation in the market, the distributor can hardly prove beneficial for the business of the companies.

Thus to distributors, it is important for them to be capable of handling a large shipment of diverse inventory and have a wide range of authentic components in their stock at all times. Distributors should also excel in inventory management in order to provide on-time and uninterrupted deliveries in order to meet the application manufacturers' fluctuating supply chain requirements.

The Competitive Landscape

We are a long established and renowned provider of electronic components and engineering solutions to industrial and commercial users in the Greater China region. We distribute a wide range of electronic components for use in the industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments.

Our Directors consider that the distribution businesses for electronic components are competitive with no practical barriers to entry, and we face competition from regional and multi-national distributors in the geographical markets in which we currently operate, and expect to face similar competition in the markets that we plan to enter.

For details of our competitive strengths and business strategies, please refer to the sub-sections headed "Business — Our Competitive Strengths" and "Business — Our Business Strategies" in this Listing Document.

This section sets forth a summary of the most significant regulations or requirements that affect our business activities in the jurisdictions where we operate our business.

REGULATORY REQUIREMENTS IN THE PRC

We operate our business in the PRC under a legal regime consisting of the laws adopted by the NPC and its Standing Committee, the administrative regulations promulgated by the State Council, the highest administrative body in the PRC and the ministerial decrees adopted by several ministries and agencies directly under the State Council's authority including, among others, the MOFCOM, the SAT and the SAFE, and local rules promulgated by local governmental authorities at different levels. Set forth below are the material PRC laws and regulations that are relevant to our business.

LAWS AND REGULATIONS IN RELATION TO FOREIGN INVESTMENT IN THE PRC

Pursuant to Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) promulgated by the State Council on February 11, 2002, the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) is one of the basis of the application of relevant policies in examining and approving foreign investment projects and foreign-invested enterprises. The Foreign Investment Industrial Guidance Catalogue sets out "encouraged", "restricted" and "prohibited" categories for all foreign investment projects in the PRC. Projects that do not fall with the categories of encouraged, restricted or prohibited are permitted foreign investment projects.

Pursuant to the Foreign Investment Industrial Guidance Catalogue (2011 Revision) which was issued on December 24, 2011 by the NDRC and the MOFCOM and became effective as of January 30, 2012, distribution of electronic components does not fall into the "encouraged", "restricted" or "prohibited" categories. Thus, foreign invested enterprises are permitted to engage in the distribution of electronic components in the PRC subject to relevant governmental approvals.

Laws and Regulations in relation to Import and Export of Goods

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (中華人民共和國貨物進出口管理條例) promulgated on December 10, 2001, the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) amended on April 6, 2004, the Customs Law of the PRC (中華人民共和國海關法) amended on July 8, 2000, the Measures for Record Filing and Registration by Foreign Trade Dealer (對外貿易經營者備案登記辦法) promulgated on June 25, 2004 by the MOFCOM, and the Administrative Provisions of the PRC Customs Authority on the Registration of Customs Declaration Agent (中華人民共和國海關對報關單位註冊登記管理規定) promulgated on March 31, 2005 by General Administration of Customs of the PRC, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided by laws and regulations, the PRC government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. Unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consigners themselves, or by entrusted customs brokers that have been registered with the customs. The consignor and consignee refer to the legal person, any other organization or individual that are directly engaged in the import or export of goods within the

territory of the PRC. A consignee or consignor of imported or exported goods must handle registration as a declaring entity at the local customs. After registration, they may make a customs declaration for themselves at all ports within the territory of the PRC.

Laws and Regulations in relation to Foreign Exchange

The principal law governing foreign currency exchange in the PRC is the Foreign Exchange Administration Regulations (外匯管理條例). The Foreign Exchange Administration Regulations was enacted by the State Council on January 29, 1996 and implemented on April 1, 1996. On January 14, 1997 and August 5, 2008, the State Council amended the Foreign Exchange Administration Regulations. According to the Foreign Exchange Administration Regulations currently in effect, international payments in foreign currencies and transfer of foreign currencies under current items shall not be restricted. Foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities.

On August 29, 2008, the SAFE promulgated the Notice of the General Affairs Department of the SAFE on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) ("**SAFE Circular 142**") regulating the conversion by a foreign-invested enterprise of its foreign currency registered capital into Renminbi. The SAFE Circular 142 provides that the Renminbi fund converted from foreign currency registered capital of a foreign-invested enterprise is permitted to be used only for purposes within the business scope approved by the applicable governmental authority and is not permitted to be used for equity investments within the PRC. The use of such Renminbi fund is not permitted to be altered without approval, and such Renminbi fund is not permitted in any case to be used to repay any Renminbi loans that were taken out but that have not been utilized. Violations of the SAFE Circular 142 could result in severe monetary penalties.

Laws and Regulations in relation to Dividend Distribution

The principal laws governing dividend distributions by our PRC subsidiaries include the PRC Company Law (中華人民共和國公司法), which was promulgated on December 29, 1993 and became effective on July 1, 1994 and was subsequently amended on December 25, 1999, August 28, 2004 and October 27, 2005. Dividend distribution by wholly foreign-owned enterprises ("**WFOE**") and Sino-foreign equity joint ventures ("**EJV**") are further governed by the PRC Law Concerning Wholly Foreign-Owned Enterprises (中華人民共和國外資企業法), which was promulgated on April 12, 1986 and amended on October 31, 2000, and its Implementation Regulations (中華人民共和國外資企業法實施細則) were promulgated on December 12, 1990 and amended on April 12, 2001, the PRC Law on Sino-foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法) was promulgated on July 1, 1979 and amended on April 4, 1990 and March 15, 2001 and the Implementation Regulations (中華人民共和國中外合資經營企業法實施條例) was promulgated on September 20, 1983 and amended on January 15, 1986, December 21, 1987 and July 22, 2001.

Under these laws and regulations, PRC companies, including WFOEs and EJVs, may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting principles. In addition, PRC companies, including domestic companies, WFOEs and EJVs are required to set aside each year at least 10% of their after-tax profit based on PRC accounting principles to their statutory general reserves funds until the cumulative amount of such reserve fund reaches 50% of their registered capital. These reserves are not distributable as cash dividends. Furthermore, EJVs and WFOEs in the PRC may also be required to set aside individual funds for employee welfare, bonuses and development, at the discretion of such PRC companies and as stipulated in their articles of association. These reserves or funds are not distributable as dividends.

Laws and Regulations in relation to Taxation

Enterprise Income Tax

On March 16, 2007, the NPC passed the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法), and on December 6, 2007, the State Council issued the Implementation Rules of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例), both of which became effective on January 1, 2008. The Enterprise Income Tax Law of the PRC and the Implementation Rules of the Enterprise Income Tax Law of the PRC apply a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises.

The Enterprise Income Tax Law of the PRC provides that enterprises established outside of the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" of the PRC. Under the Implementation Rules of the Enterprise Income Tax Law of the PRC , "de facto management body" is defined as a body that has material and overall management and control over the business operations, personnel, accounts and properties.

Under the Enterprise Income Tax Law of the PRC and the Implementation Rules of the Enterprise Income Tax Law of the PRC, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Similarly, any gain realized on the transfer of ordinary shares by such investors is also subject to 10% PRC income tax if such gain is considered as income derived from sources within the PRC. The Implementation Rules of the Enterprise Income Tax Law of the PRC sets forth that, (i) if the enterprise that distributes dividends is domiciled in the PRC, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in the PRC, then such dividends or capital gains are treated as PRC-sourced income. It is not clear how "domicile" would be interpreted under the Enterprise Income Tax Law of the PRC and the Implementation Rules of the Enterprise Income Tax Law of the PRC, and it could be interpreted as the jurisdiction where the enterprise is a tax resident.

Moreover, non-resident individual investors could be required to pay PRC individual income tax on interests or dividends payable to the investors or any capital gains realized from the transfer of ordinary shares if such gains are deemed income derived from sources within the PRC. Under the Individual Income Tax Law (2011 amendment) of the PRC (中華人民共和國個人所得税法),

non-resident individual refers to an individual who has no domicile in the PRC and does not stay in the territory of the PRC or who has no domicile in the PRC and has stayed in the territory of the PRC for less than one year. Pursuant to the Individual Income Tax Law of the PRC and its implementation rules, for purposes of the PRC capital gains tax, the taxable income will be the balance of the total income obtained from the transfer of ordinary shares minus all the costs and expenses that are permitted under PRC tax laws to be deducted from the income.

Business Tax and Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (中華人民共和國營業税暫行條例) which became effective from January 1, 1994, and were amended in 2008, and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within the PRC must pay business tax. In November 2011, the Ministry of Finance of the PRC and the SAT jointly promulgated two circulars setting out the details of the Pilot Program of Replacing Business Tax with Value-added Tax, resulting in the charging of valued-added tax ("**VAT**") instead of business tax for certain pilot industries. The pilot program initially applied only to those pilot industries in Shanghai and was expanded to eight additional regions including, among others, Beijing, Guangdong and Shenzhen in 2012. In those regions where business tax is replaced by VAT, the VAT tax rates applicable to the leasing of tangible movable properties industry, transportation and construction industries, and other modern service industries are 17%, 11% and 6%, respectively. The pilot program has expanded to other industries and regions since August 1, 2013.

The Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值税暫行條例) (the "**Provisional VAT Regulations**") were promulgated on December 13, 1993, and came into effect on January 1, 1994, and were amended on November 10, 2008. The Implementation Rules of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值税暫行條例實施細則) (the "**Provisional VAT Implementation Rules**") were promulgated on December 25, 1993, amended in 2008 and 2011. According to the Provisional VAT Regulations and the Provisional VAT Implementation Rules, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC must pay value-added tax. For taxpayers selling or importing goods other than those specifically listed in the Provisional VAT Regulations, or for taxpayers providing processing, repairs and replacement services, the value-added tax rate is 17%.

Laws and Regulations in relation to Properties

The properties we lease and own in the PRC are subject to the Property Law of the PRC (中華人民共和國物權法) which was promulgated on March 16, 2007 and became effective on October 1, 2007. Pursuant to the Property Law, property rights are the exclusive rights with respect to a specific property, which include ownership, usufruct rights and security rights to the property; except as otherwise provided by law, any creation, modification, transfer or termination of immovable property rights becomes effective only upon registration in accordance with the relevant laws. Ownership of all lawful properties of the state, collective organizations and individuals are protected by the Property Law.

Administrative Measures for Commercial Housing Leases (商品房屋租賃管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on December 1, 2010, which became effective on February 1, 2011, provide that illegal properties cannot be leased. Further, under the Administrative Measures for Commercial Housing Leases and the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法) promulgated by the Standing Committee of the NPC on July 5, 1994, which became effective on January 1, 1995 and as amended on August 30, 2007, a lease is required to be filed with the real estate administrative department. The non-compliance with these provisions could result in material fine.

Laws and Regulations in relation to Labor Law and Social Security

PRC companies are mainly subject to the following labor laws and regulations: the PRC Labor Law (中華人民共和國勞動法), the PRC Labor Contract Law (中華人民共和國勞動合同法), the PRC Social Insurance Law (中華人民共和國社會保險法), the Regulations of Insurance for Employment Injury (工傷保險條例), the Regulations on Unemployment Insurance (失業保險條例), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法), the Interim Regulations on the Collection of Social Insurance Premium (社會保險費徵繳暫行條例), Regulations on Management of Housing Provident Fund (住房公積金管理條例) and other relevant regulations, rules and circulars issued by the competent governmental authorities.

Pursuant to the PRC Labor Law and the PRC Labor Contract Law, when an employer hires an employee, it should sign a written labor contract with the employee, and the employees' salary must not be lower than the local minimum wage.

As required under the PRC Social Insurance Law, the Regulations of Insurance for Employment Injury, the Regulations on Maternity of Employees, the Interim Provisions on Registration of Social Insurance, the Interim Regulations on the Collection of Social Insurance Premium, employers in the PRC are obligated to contribute to State-operated social security pension plans covering pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance for its employees.

In accordance with the Regulations on Management of Housing Provident Fund promulgated on April 3, 1999 and amended on March 24, 2002, employers in the PRC must register with the relevant Housing Provident Fund Management Center, open a special housing provident fund account at a commissioned bank and pay housing provident fund contributions for their employees.

REGULATORY REQUIREMENTS IN HONG KONG

We have our principal place of business in Hong Kong. However, there are no material licenses or government approvals required for the conduct of our operations in Hong Kong beyond those which would be applicable to Hong Kong companies in general.

REGULATORY REQUIREMENTS IN TAIWAN

Our Company has one subsidiary in Taiwan, namely Willas-Array Electronics (Taiwan) Inc., which focuses on the trading of electronic components. There are no material licenses or government approvals required for the conduct of the operations of our Company's subsidiary in Taiwan beyond those which would be applicable to Taiwan companies in general.

OVERVIEW

Our history can be traced back to 1981 when Willas Company Limited was founded by Leung Chun Wah in Hong Kong and distributed passive components in Hong Kong for Murata Company Limited, a major manufacturer of electronic products in Japan. In 1982, Array Electronics Limited (now known as Willas-Array Electronics (Hong Kong) Limited) was founded by Kwok Chan Cheung and distributed active components in Hong Kong. Its suppliers include SGS-ATES Singapore (Pte) Ltd., an electronics company, and New Japan Radio Co., Ltd., a Japanese integrated circuit manufacturer.

In order to strengthen our market position and to capitalize on the combined experience and expertise of the respective management teams, Willas Company Limited and Array Electronics Limited (the former name of Willas-Array Electronics (Hong Kong) Limited) became subsidiaries of Willas-Array (Holdings) Limited in 1992 to engage in the distribution of active and passive electronic components in Hong Kong.

Our Company was incorporated on August 3, 2000 and became the ultimate holding company of our Group at that time through a corporate restructuring exercise in September 2000. To raise our corporate profile, capitalize on our resources and expand our sources of funding, our Shares were listed on the Main Board of the SGX-ST on July 2, 2001.

Over the years, we have continued to expand our operations and we have established offices in Singapore, the PRC and Taiwan.

OUR CORPORATE HISTORY AND DEVELOPMENT

Business Milestones

The key milestones of our business development are as follows:

1981	• Establishment of Willas Company Limited
1982	• Establishment of Array Electronics Limited (now known as Willas-Array Electronics (Hong Kong) Limited)
1992	• Establishment of Willas-Array (Holdings) Limited
1993	• Opening of Shanghai office
1994	• Opening of Shenzhen office
1996	• Opening of Beijing office
1997	• Establishment of technical marketing department
2000	• Restructuring to form Willas-Array Electronics (Holdings) Limited • Opening of Guangzhou office

2001	• Listing on the Main Board of the SGX-ST • Operation of the application and development department • Opening of Qingdao office
2002	• Establishment of Willas-Array Electronics (Shanghai) Limited with a bonded warehouse in the Waigaoqiao Free Trade Zone of Shanghai • Opening of Xiamen office
2004	• Opening of Chengdu office
2005	• Establishment of Willas-Array Electronics (Taiwan) Inc.
2006	• Acquisition of ValenceTech Limited
2008	• Purchase of premises for Shenzhen office • Opening of Zhongshan office
2010	• Purchase of premises for Shanghai office
2012	• Establishment of GW Electronics Company Limited

Over the years, we have established a sales network including our headquarters in Hong Kong and nine sales and representative offices throughout Greater China.

Establishment of Offices in the PRC

We established our first sales and representative office in the PRC in Shanghai (1993), followed by Shenzhen (1994), Beijing (1996), Guangzhou (2000) and Qingdao (2001). The opening of various representative offices in the PRC not only has enabled us to expand our operations in the PRC, it also has allowed us to serve the local customers and the many electronics factories that relocated from Hong Kong to the PRC. As our business develops, some of the representative offices have been substituted by our subsidiaries and their branches in the PRC.

Grant of Significant Distribution Rights

In 1993, we were awarded the distribution right by a Japanese multinational engineering and electronics corporation for distributorship in Hong Kong, which was later extended to the PRC in 1995. In 1998, we became a distributor for a leading multinational manufacturer of electronic products in Hong Kong and the PRC.

In 1995, we penetrated into the industrial and telecommunications industry when we were appointed as a distributor of a supplier of resettable fuses in the industrial and telecommunications industry for Hong Kong.

Establishment of Technical Marketing Department and Application and Development Department

To meet the challenges of rapid technological changes in the electronics industry, we set up a technical marketing department in March 1997 to provide technical advice and services to our customers in different segments of the electronic component industry, namely industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments. This new department has enabled us to provide advice and services specific to our customers' needs, thus improving the overall quality of our client services.

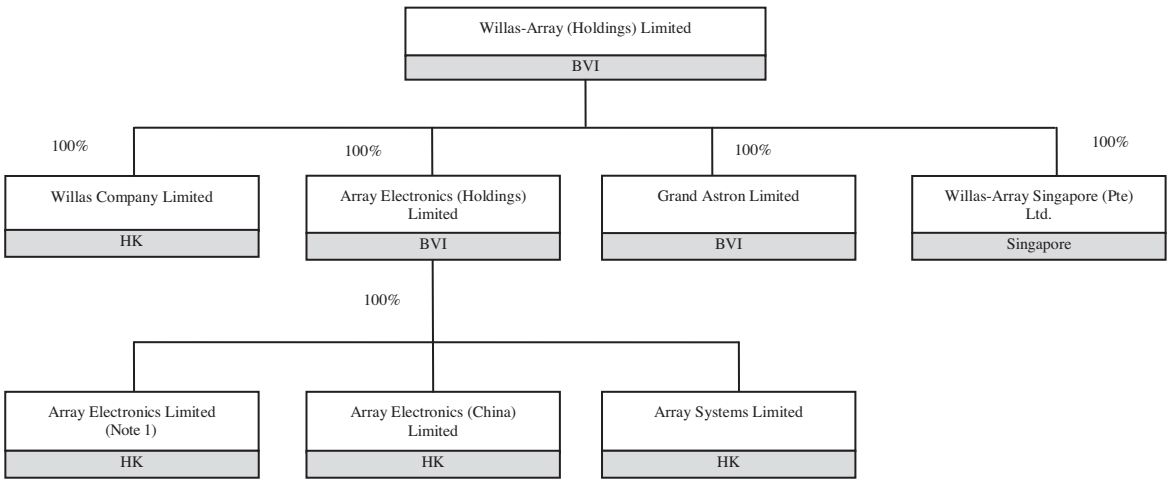
Our application and development department in Guangzhou had helped us to further enhance our application and development capabilities. In 2008, we moved our application and development department from Guangzhou to Shenzhen in order to strengthen our business operations in the Southern China Region. The application and development department has allowed us to develop and customize hardware and software products to meet our customers' requirements, hence increasing the competitiveness of our products.

Our Restructuring

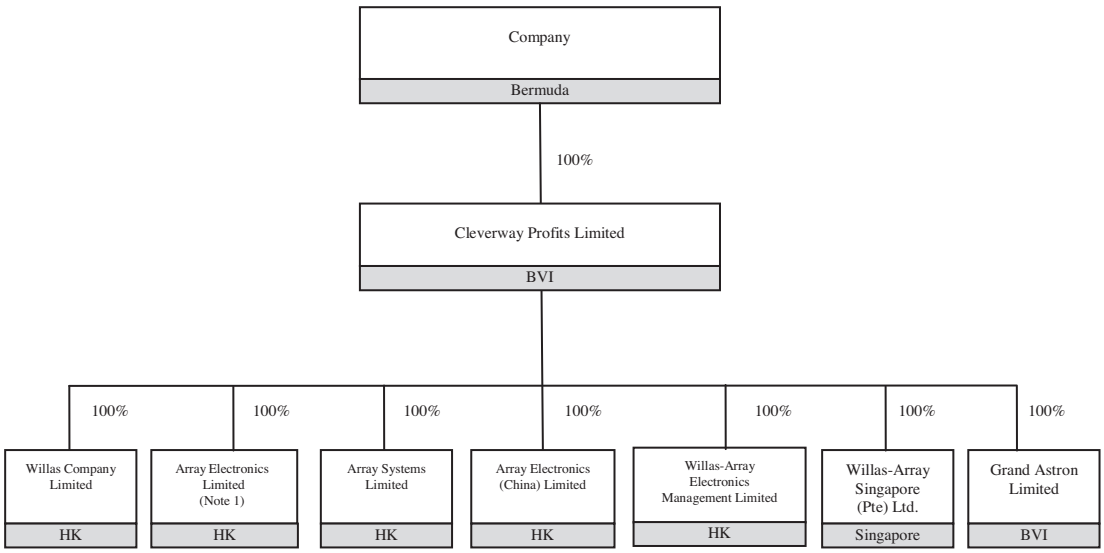
To streamline and rationalize the corporate structure and business activities of Willas-Array (Holdings) Limited, our Company was incorporated on August 3, 2000 to facilitate the restructuring exercise, which took place on September 18, 2000. Following the completion of the restructuring, our Company became the ultimate holding company of our Group as constituted at that time.

The diagrams below set out our corporate structures before and after the restructuring in 2000.

Before Restructuring



After Restructuring



Note:

(1) Array Electronics Limited is now known as Willas-Array Electronics (Hong Kong) Limited.

Our Listing on the SGX-ST

We were listed on the Main Board of the SGX-ST on July 2, 2001 and since then, our Shares have been listed on the SGX-ST. Save for the non-compliance relating to the grant of options to Leung Chi Hang, Daniel in 2009, an employee of our Group and an associate of our Controlling Shareholder, as disclosed in the section headed "Business — Historical Non-compliances — Issuance of Stock Options to an Associate of Our Controlling Shareholder" in this Listing Document, we have complied with the Singapore Listing Manual since our listing on the SGX-ST.

Establishment of Additional Offices and Warehouses in the PRC and Taiwan

After our successful listing on the Main Board of the SGX-ST, we have continued to develop and expand our business. We opened our sixth office in the PRC in Xiamen (2002) and followed by Chengdu (2004) and Zhongshan (2008) to further increase our market coverage in the PRC. We also established Willas-Array Electronics (Shanghai) Limited with a bonded warehouse in the Waigaoqiao Free Trade Zone (外高橋保税區) of Shanghai and Willas-Array Electronics (Shenzhen) Limited in 2002 and 2003, respectively, to enable us to provide more efficient and cost-effective services to local customers.

To further enhance our distribution business, we established Willas-Array Electronics (Taiwan) Inc. in Taiwan in 2005. Initially, the primary purpose of this company was to serve local Taiwanese clients with operations in the PRC. Later, we started developing our operations in the Taiwanese market and distributing various products in Taiwan through this company.

Acquisition of 60% Indirect Interest in ValenceTech Limited

On July 14, 2006, a sale and purchase agreement was entered into by and among our Company, Noblehigh Enterprises Inc., our then wholly-owned subsidiary, and SRS Labs, Inc., an independent third party, pursuant to which Noblehigh Enterprises Inc. agreed to purchase and SRS Labs, Inc. agreed to sell 26.4% of the total issued share capital of ValenceTech Limited (which directly and indirectly owned a number of subsidiaries in Hong Kong and the PRC) at a consideration of US$4,300,000. The consideration was determined upon arm's length negotiations between the parties with reference to the valuation of the shares concerned based on the audited accounts of ValenceTech Limited for the year ended December 31, 2005, which was approximately US$3.5 million and taking into account the expertise of the senior management of ValenceTech Limited, the set up of ValenceTech Limited's operations (including its developmental facilities), the wide marketing network that ValenceTech Limited enjoyed, as well as ValenceTech Limited's strong relationship with suppliers and strong reputation in the electronic components market. The ValenceTech Group primarily engages in the design, development and marketing of standard and custom design analog, digital and mixed-signal ICs as well as LED driver ICs. As part of the terms of the sale and purchase agreement, ValenceTech Limited was required to repurchase the remaining 73.6% of its total issued share capital from SRS Labs, Inc. and cancel these repurchased shares upon completion of the repurchase. On the same day as the date of the sale and purchase agreement, Success Advance Limited subscribed for new shares in Noblehigh Enterprises Inc., representing 40.0% of the then issued share capital of Noblehigh Enterprises Inc. Success Advance Limited is a limited liability company incorporated in the BVI and owned by seven of the then senior management team of ValenceTech Limited. One of the shareholders of Success Advance Limited holds a director's position in ValenceTech Limited and several of its subsidiaries.

Upon completion of the transactions stipulated in the said sale and purchase agreement on September 29, 2006, the ValenceTech Group was owned by Noblehigh Enterprises Inc., which in turn was owned as to 60% by us and as to 40% by Success Advance Limited. Save as disclosed above, Success Advance Limited and its shareholders do not have any other relationship with our Group, whether business or otherwise. The acquisition of the ValenceTech Group enables our Group, a provider of electronic components and engineering solutions to industrial and commercial users, to expand the range of services and products that we can provide to our customers and helps us to gain access to the custom design IC market with an aim to eventually develop our own products. We are currently a distributor of Valence Technology Limited in Hong Kong, the PRC and Taiwan.

Acquisition of Premises in the PRC

In 2008, Willas-Array Electronics (Shenzhen) Limited acquired office premises located in Futian District, Shenzhen with a gross floor area of 1,852.9 sq.m. from an independent third party at a consideration of RMB47,413,963.0. In 2010, Willas-Array Electronics (Shanghai) Limited acquired an office premises with a gross floor area of 1,775.2 sq.m. from an independent third party at a consideration of RMB63,463,757.5.

As a result of the aforesaid acquisitions, our Company was able to reduce its operating expenses on rental payments incurred from renting office premises for our Shanghai and Shenzhen offices and exposure to the risk of escalating rentals in the PRC property market on our business operations. Further, these acquisitions demonstrate our long-term commitment to further develop and enhance our operations in the PRC.

Rights Issue Exercise

In April 2011, our Company completed a rights issue of Shares on the basis of one right share for every five existing Shares where 62,000,000 new Shares were allotted and issued at the issue price of S$0.12 each. A net proceeds of approximately HK$44.80 million was raised, which was used to finance our business expansion and for our general capital purposes.

Establishment of GW Electronics Company Limited

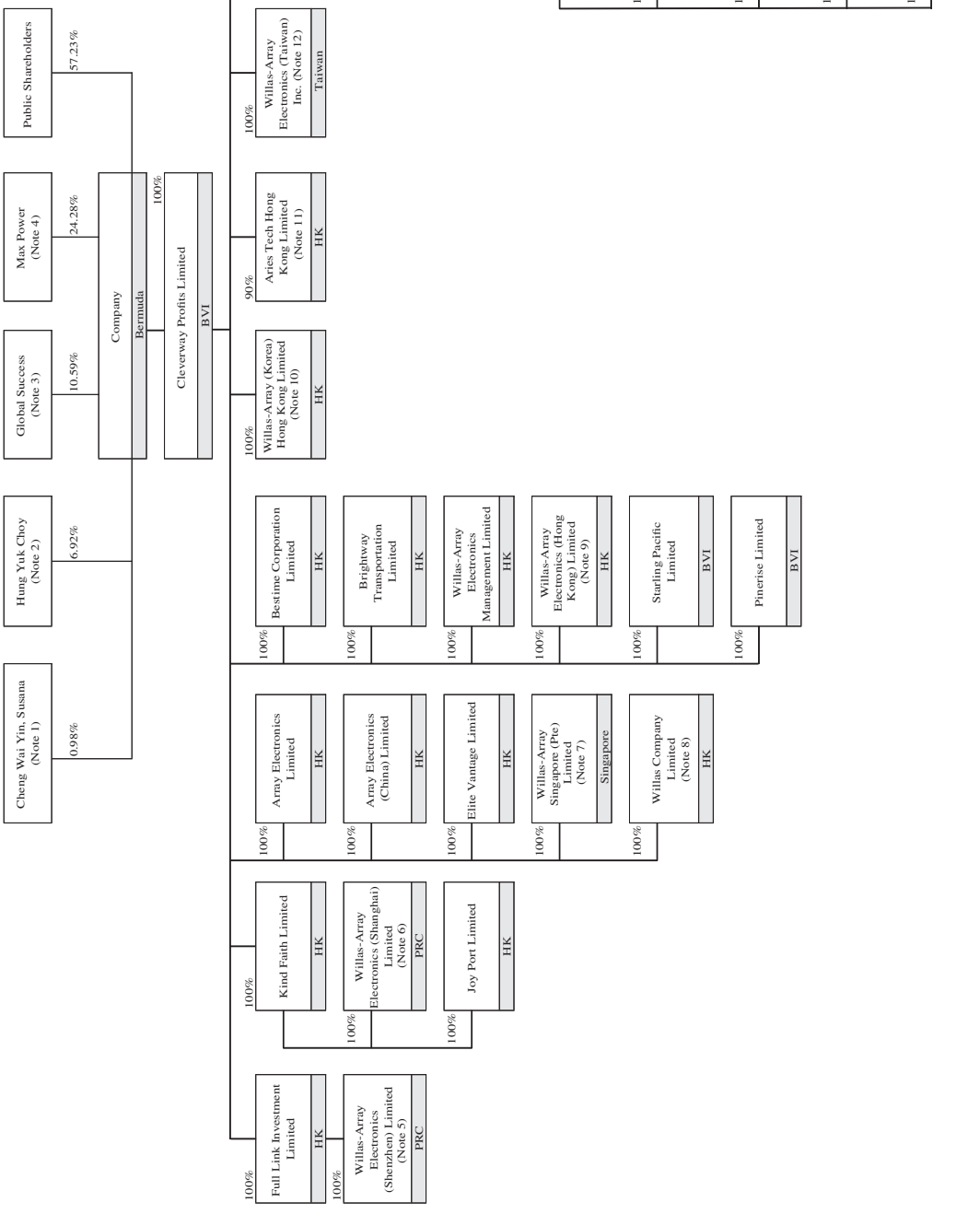
In November 2012, our Company and G.M.I. (a company listed on the TWSE specializing in the distribution of electronic components and an independent third party), entered into an agreement to establish a limited liability company named GW Electronics Company Limited in Hong Kong to engage in the distribution of electronic components in the PRC and Hong Kong. Pursuant to the agreement, GW Electronics Company Limited is held as to 49% indirectly by our Company and 51% indirectly by G.M.I. GW Electronics Company Limited started operations in January 2013 and it is an associate of our Company.

As both our Company and G.M.I. are distributors of complementary products under the Toshiba brand name, the collaboration not only will enable us to further expand our distribution business in the PRC and Hong Kong, it will also deepen our market and product knowledge.

CORPORATE AND SHAREHOLDING STRUCTURES

During the three financial years ended March 31, 2013 and up to the Latest Practicable Date, there has been no change to the shareholdings of our Substantial Shareholders, namely Max Power and Global Success apart from the immaterial dilution resulting from the issue of Shares upon the exercise of options granted under the Existing Employee Share Option Scheme during such period.

Set out below are our corporate and shareholding structures as of the Latest Practicable Date. There will be no change to our corporate and shareholding structures immediately after the Listing. For details of the subsidiaries of our Group, please refer to pages I-1 to I-4 of the Accountants' Report in Appendix I to this Listing Document.



Notes:

(1) Cheng Wai Yin, Susana is the spouse of Leung Chun Wah, our Director.

(2) Hung Yuk Choy is our Director.

(3) Global Success is wholly-owned by Kwok Chan Cheung, our Director.

(4) The Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC International Trustee Limited is deemed to be interested in all of the Shares held by Max Power. Our Director, Leung Chun Wah and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(5) 威雅利電子(深圳)有限公司 (Willas-Array Electronics (Shenzhen) Limited).

(6) 威雅利電子(上海)有限公司 (Willas-Array Electronics (Shanghai) Limited).

(7) Willas-Array Singapore (Pte) Limited had minimal sales during the financial year ended March 31, 2013, and as a result, our Group intends to voluntarily wind-up Willas-Array Singapore (Pte) Limited to reduce operation costs upon the completion of its audited accounts made up to March 31, 2013.

(8) Willas Company Limited has two ordinary shares of HK$1.0 each and 35,001,000 non-voting deferred shares of HK$1.0 each in issue and the beneficial interest in these shares are held by our Group and Leung Chun Wah, respectively.

(9) Willas-Array Electronics (Hong Kong) Limited has two ordinary shares of HK$1.0 each and 1,001,000 non-voting deferred shares of HK$1.0 each in issue and the beneficial interest in these shares are held by our Group and Kwok Chan Cheung, respectively.

(10) Willas-Array (Korea) Hong Kong Limited was set up by us in our initial attempt to develop our business in the Korea market which we have since reconsidered, therefore, it is in the process of being voluntarily wound-up by its members to reduce administrative costs.

(11) Aries Tech Hong Kong Limited is an investment holding company. The remaining 10% is held by Kim Sung Woo, an independent third party. Aries Tech Hong Kong Limited was set up by us to develop in our initial attempt to our business in the Korea market which we have since reconsidered, therefore, it is in the process of being voluntarily wound-up by its members to reduce administrative costs.

(12) 台灣威雅利電子股份有限公司 (Willas-Array Electronics (Taiwan) Inc.).

(13) Noblehigh Enterprises Inc. is an investment holding company. The remaining 40% is held by Success Advance Limited, an independent third party.

(14) 慧能思達科技(成都)有限公司 (Valence Tech (Chengdu) Limited).

(15) GW Electronics Company Limited is a limited liability company formed by us and G.M.I., an independent third party, which indirectly holds 51% thereof. GW Electronics Company Limited is an associate of our Company.

(16) 茲雅電子(上海)有限公司 (GW Electronics (Shanghai) Company Limited) is an associate of our Company.

(17) 茲雅電子(深圳)有限公司 (GW Electronics (Shenzhen) Company Limited) is an associate of our Company.

INTRODUCTION

We are a long established and renowned provider of electronic components and engineering solutions to industrial and commercial users in the Greater China region, based on the numerous awards we received from industrial publications and our principal suppliers in recognition of our contribution as a distributor in the electronic components market. For the financial year ended March 31, 2013, we recorded a revenue of approximately HK$3,157.6 million, 99.3% of which was derived from our trading of electronic components business segment. Within our trading of electronic components business segment, our business activities consist primarily of (i) pure distribution of electronic components, (ii) integration of solution kits, and (iii) provision of engineering solutions services; and provision of engineering solutions further consists of provision of (a) general reference design, and (b) tailor-made solutions.

We distribute a wide range of electronic components for use in the industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments. However, as opposed to being a pure distributor, we also act as an integrator of solution kits and engineering solution provider to provide a broad range of value-added services from integrating various electronic components for our customers' solution kits to the creation of engineering solutions that are complementary to our customer's product design needs, by utilizing our proprietary know-how and special features of the products we distribute. As an integrator of solution kits, we provide most, if not all, of the electronic components our customers specify in their solution kits. Our solution kit service enables our customers to maximize their cost effectiveness, minimize their turnaround time and ensure fitness of electronic components for their end-products. As an engineering solution provider, we provide our customers with tailor-made engineering solutions and turnkey engineering services. With the specialized segment and application knowledge of our engineers in the technical marketing department and application and development department, we develop and introduce new designs and engineering solutions to cater our customers' needs. Although we amortize these value-added services into our unit sales prices and do not record them as separate sources of revenue, they are critical to our success and enable us to sustain our profit margins despite the severe competition in the electronic components distribution industry. Our Directors believe that our solution based business model has enabled us to create demand for the products we distribute through provision of these value-added services tailor-made to suit our customers' requirements.

Through three decades of growth and development, we have established long-standing relationships with over 20 internationally reputable principal suppliers of electronic components. We have also established a large and diversified customer base of more than 3,000 customers over various industries. Our customers mainly consist of well-known consumer electronic brands, original equipment manufacturers (OEMs), original design manufacturers (ODMs), contract manufacturers (CMs) and other industrial and commercial customers.

Headquartered in Hong Kong, we are one of the major pioneering distributors to have penetrated the PRC electronic components market for more than 20 years. In our efforts to further penetrate the growing electronic components distribution market in the PRC, we have established a network of sales and representative offices strategically located in eight major cities in the PRC, including Beijing, Chengdu, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen and Zhongshan, supported by two

regional headquarters of business operations in Shanghai and Shenzhen. In 2005, we also established an overseas office in Taipei, to tap into the growing number of large Taiwanese electronic manufacturers doing business in the PRC.

During the three financial years ended March 31, 2013, following an exceptionally well financial year that ended March 31, 2011, we focused our business efforts on sustaining our gross profit margin and maintaining a healthy market share to counteract the negative effects of the European sovereign debt crisis that began in late 2011 and the slowdown of the PRC economy that began in 2012. For each of the three financial years ended March 31, 2011, 2012 and 2013, we sustained our gross profit margins at approximately 10.2%, 9.3% and 9.7%, respectively, and our net profit margins at approximately 2.3%, 1.4% and 1.5%, respectively, notwithstanding our revenue decreased from approximately HK$3,797.1 million to HK$3,262.1 million and HK$3,157.6 million, respectively. Despite the decrease of revenue by approximately 2.6% from HK$1,105.8 million for the four months ended July 31, 2012 to approximately HK$1,076.6 million for the four months ended July 31, 2013, our gross profit for the four months ended July 31, 2013 increased by approximately 9.0% to approximately HK$118.3 million compared to the same period in 2012, and our gross profit margin increased by approximately 1.2% while our net profit margin remained stable at approximately 1.4% compared to the same period in 2012.

Affected by technological changes, market competition, and fluctuations in the global supply of and demand for electronic products, our Directors believe that the selling prices of electronic components may vary and/or fluctuate in the future. Therefore, the sustainability of our profit will depend upon our ability to maintain our competitiveness in the market and to provide quality products and value-added services to our customers. We cannot assure you that we will be able to maintain our profit margins at the current level in the coming years. Our performance may be adversely affected by any decrease in our profit margins.

The following table sets out a breakdown of our revenue by business segments during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Business segments [(1)]:										
Trading of electronic components	3,758,918	99.0%	3,237,877	99.3%	3,136,188	99.3%	1,095,871	99.1%	1,070,298	99.4%
Trading and designing integrated circuits:										
Trading and designing integrated circuits (before elimination)	75,775	2.0%	57,971	1.8%	53,953	1.7%	23,972	2.2%	20,039	1.9%
Elimination[(2)]	(37,573)	(1.0%)	(33,762)	(1.1%)	(32,544)	(1.0%)	(14,080)	(1.3%)	(13,771)	(1.3%)
Trading and designing integrated circuits (after elimination)	38,202	1.0%	24,209	0.7%	21,409	0.7%	9,892	0.9%	6,268	0.6%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

Notes:

(1) The presentation of revenue by business segments, namely, (i) trading of electronic components and (ii) trading and designing integrated circuits, is for the purpose of disclosure in accordance with IFRS 8 Segment and the basis for such presentation is "for the purposes of resource allocation and assessment of segment performance" as described in Note 44 (Segment Information) to the Accountants' Report. Despite the ValenceTech Group being part of our Group since 2006, the ValenceTech Group has been operating independently from the rest of our Group and its business of design, development and marketing of standard and custom design analog, digital and mixed-signal ICs as well as LED driver ICs, is also different from the business of the rest of our Group. Hence, from management's point of view, the revenue from the ValenceTech Group (i.e. the business of trading and designing integrated circuits) is considered a separate segment reportable under IFRS 8 Segment as it currently appears in the Accountants' Report.

(2) Elimination of inter-company transactions of trading and designing integrated circuits.

Revenue from trading of electronic components relates to the revenue generated from the distribution of electronic components, including any value-added services we provide to create demand for the products we distribute, such as integration of solution kits and engineering solutions services. These value-added services are not separately invoiced to our customers but are amortized into our unit sales prices, therefore we do not record them as separate sources of revenue when preparing our financial statements. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, approximately 99.0%, 99.3%, 99.3% and 99.4%, respectively, of our total revenue was derived from the trading of electronic components business segment, while only approximately 1.0%, 0.7%, 0.7% and 0.6% of our revenue (after elimination of inter-company transactions) was sourced from the trading and designing integrated circuits business segment. Within our trading of electronic components business segment, our business activities consist primarily of (i) pure distribution of electronic components, (ii) integration of solution kits, and (iii) provision of engineering solutions services; and provision of engineering solutions further consists of provision of (a) general reference design, and (b) tailor-made solutions. We also characterize integration of solution kits and provision of engineering solution in our trading of electronic components business segment as our value-added services. Please refer to the sub-section headed "— Workflows" in this section for details of each of our business activities.

Revenue from trading and designing integrated circuits relates to the revenue generated from the design and sale of integrated circuits by members of the ValenceTech Group, all of which are subsidiaries of our Company. As disclosed in the sub-section headed "History, Development and Corporate Structure — Our Corporate History and Development — Acquisition of 60% indirect interest in ValenceTech Limited" in this Listing Document, the ValenceTech Group primarily engages in the design, development and marketing of standard and custom design analog, digital and mixed-signal ICs as well as LED driver ICs, which is different and independent from the business of the rest of our Group.

The following table shows a breakdown of our revenue by application segment during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Application segments:										
Industrial	750,936	19.8%	745,923	22.9%	735,829	23.3%	244,196	22.1%	273,951	25.4%
Telecommunications	517,140	13.6%	478,318	14.6%	519,841	16.5%	172,170	15.6%	140,967	13.1%
Dealers	549,027	14.5%	439,722	13.5%	462,232	14.6%	145,904	13.2%	165,577	15.4%
Home appliances	332,160	8.7%	371,663	11.4%	365,537	11.6%	148,681	13.4%	121,380	11.3%
EMS	473,168	12.5%	306,342	9.4%	242,050	7.7%	93,954	8.5%	78,988	7.3%
Automotive	196,681	5.2%	187,632	5.7%	219,638	7.0%	74,754	6.7%	78,578	7.3%
Audio and video	512,584	13.5%	359,144	11.0%	316,654	10.0%	111,481	10.1%	113,920	10.6%
Lighting	224,536	5.9%	181,481	5.6%	149,406	4.7%	62,827	5.7%	50,953	4.7%
Others	240,888	6.3%	191,861	5.9%	146,410	4.6%	51,796	4.7%	52,252	4.9%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

The following table sets out a further breakdown of our revenue by geographical location of our customers in our trading of electronic components business segment during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Geographic segments:										
Southern China Region (including Hong Kong)	2,526,349	66.5%	2,159,340	66.2%	1,951,577	61.8%	714,268	64.6%	669,446	62.2%
Northern China Region	1,159,348	30.5%	994,488	30.5%	1,079,915	34.2%	353,411	32.0%	377,484	35.0%
Taiwan	73,221	2.0%	84,049	2.6%	104,696	3.3%	28,162	2.5%	23,348	2.2%
Trading of electronic components	3,758,918	99.0%	3,237,877	99.3%	3,136,188	99.3%	1,095,871	99.1%	1,070,298	99.4%
Trading and designing integrated circuits:										
Trading and designing integrated circuits (before elimination)	75,775	2.0%	57,971	1.8%	53,953	1.7%	23,972	2.2%	20,039	1.9%
Elimination[(1)]	(37,573)	(1.0%)	(33,762)	(1.1%)	(32,544)	(1.0%)	(14,080)	(1.3%)	(13,771)	(1.3%)
Trading and designing integrated circuits (after elimination)	38,202	1.0%	24,209	0.7%	21,409	0.7%	9,892	0.9%	6,268	0.6%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

Note:

(1) Elimination of inter-company transactions of trading and designing integrated circuits.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success:

Long-term Relationships with Principal Suppliers

We have established long-standing relationships with over 20 internationally reputable principal suppliers of electronic components. We have had dealings with many of our major principal suppliers for over 25 years and we have received numerous awards from our principal suppliers in recognition of our contribution as one of their distributors. Please refer to the sub-section headed "— Awards and Recognitions" in this section for a more detailed list of awards. We believe that our relationships with these principal suppliers are important for our customers to consider us as a preferred business partner, as they serve to ensure a reliable supply of a comprehensive product offering and enable us to offer competitive prices to our customers.

Broad Customer Base

Over three decades of growth and development, we have established a broad customer base comprising more than 3,000 companies that manufacture end-products in a variety of application segments, including industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments. These companies range from multinational companies to medium-sized corporations in the PRC. Given our broad customer base, we believe that we are not dependent on any single application segment, customer or product offering. Such diversity in our customer base also enables us to be less susceptible to changing market conditions and fluctuations and provides stability to our business operations and financial performance.

In addition, our broad customer base in the PRC has helped us establish strong relationships with many of our principal suppliers as we provide significant added value in the products we distribute. For example, our large sales volume to traceable customers provides valuable marketing data for our principal suppliers when they plan product offerings in China, so that they can differentiate target markets and offer products that are most suited to needs and demands of various consumer electronic brands, OEMs, ODMs and CMs. On the other hand, our ability to trace the manufacturer of the products distributed to our customers also enables us to assist our customers to identify problematic parts, components or suppliers when they need to recall certain products. At the same time, our broad customer base also enables us to expedite product launch times and to capture and secure new application segments for our principal suppliers.

Experienced and Dedicated Management Team with Proven Track Record

Our senior management team possesses an in-depth knowledge of the business and operating environment of the electronic industry. Our Chairman, Leung Chun Wah, and two of our Executive Directors, Kwok Chan Cheung and Hung Yuk Choy, have been with us since the early years of our business, and possess an average of more than 30 years of experience in the electronic industry. With their expertise and experience, we have generally been able to achieve healthy financial results and a strong profit track record. In addition, we also have an experienced team of executive officers, of which each of them has an average of 20 years' experience in their respective areas of expertise.

Over the years, our management team and executive officers have built close relationships with our key principal suppliers and customers, accumulated in-depth knowledge of the products we distribute and stayed abreast of industry development and market trends, in particular, the PRC market, which have enabled us to understand each customer's individual requirements as well as to recognize new market trends and developments to better serve our customer base and identify new opportunities that emerge through the development of new products and services. We have also recruited a highly motivated team of employees across China with a wide array of local business relationships and in-depth understanding of local markets to provide field technical services. We believe that the experience and expertise of our management team have proved to be essential to our continued development and success, and will be critical in implementing our key strategies in the future.

Strategically Planned Sales Network

Over the years, we have established a sales network including our headquarters in Hong Kong and nine sales and representative offices in Greater China. In order to capitalize on the economic growth and increased consumer spending in China, our sales and representative offices are strategically located in nine major cities throughout Greater China, including Beijing, Chengdu, Guangzhou, Qingdao, Shanghai, Shenzhen, Taipei, Xiamen and Zhongshan. In order to effectively conduct our sales and marketing activities, we also have two subsidiaries in Shanghai and Shenzhen, which serve as our regional headquarters of business operations to provide immediate local support for our sales network throughout the Southern China Region and the Northern China Region, respectively. Our Shanghai subsidiary was granted AA Customs Management Enterprise status in the Waigaoqiao Free Trade Zone (外高橋保税區) of Shanghai, which is the highest level of special grading for enterprises in that zone. As an AA Customs Management Enterprise, we enjoy certain convenient services for customs clearance purposes including, but not limited to, expedited clearance facilitation, exemption from customs examinations in general and processing by dedicated customs officers to accelerate all import or export aspects of our business. The favorable treatment we received as an AA Customs Management Enterprise enables us to provide better services to our principal suppliers and customers while improving our operational efficiency and reducing our operating costs. Our strategically planned sales network makes it more attractive and accessible for potential international partners and principal suppliers to do business with us and allow them to leverage the benefits of our existing network of customers in the PRC. We believe that our strong presence in Hong Kong, the PRC and Taiwan will enable us to continue to capture the growing opportunities in these regions.

Provision of Application and Development Services

We constantly strive to differentiate ourselves from our competitors through the provision of value-added services that complement our product sales. In addition to provision of a broad range of electronic components to our customers, we also provide them with engineering services such as making technical recommendations, matching products to the requirements of a solution kit and provision of engineering solutions for specific applications. Our product marketing team possesses specialized knowledge of the specifications and features of the electronic components from different principal suppliers which enables us to advise suitable electronic components for specific applications of our customers' end design. By collaborating with our technical marketing team, our application and

development engineers offer turnkey engineering solutions for our customers' unique and specific needs from initial concept and design to the manufacturing, installation and testing of end-products. This can help our customers introduce innovative new designs, reduce their time to market, and enhance their overall competitiveness. Although we do not separately invoice our customers for these value-added services but amortize them into our unit sales prices, these value-added services are critical to our success and enable us to sustain our profit margins despite the severe competition in the electronic components distribution industry. We believe that our strengths and capabilities to provide value-added services to our customers represent our core competitive strengths and will continue to play a major role in our business going forward.

Integrated Supply Chain Management System

In order to improve our operational efficiency and stay competitive, we have integrated key processes throughout our business operations from suppliers to customers and across different operation departments. To facilitate information sharing and management, including building a central database, we employ an advanced enterprise resource planning (ERP) system as a tool to computerize our daily operational data flow and provide an on-line electronic data interchange (EDI) platform. Our fully-integrated supply chain management system integrates and centralizes our procurement, sales, inventory and logistics, and achieves operational efficiency and effectiveness and control in various areas of our business, such as inventory management and customer credit risk management. This system also provides us with useful tools and data to evaluate market trends and customer needs so that we can plan our marketing strategy more effectively and provide tailor-made value-added services to our customers and principal suppliers. Please refer to the sub-section headed "— Integrated Supply Chain Management System" in this section for a more detailed description of our integrated supply chain management system. We consider our integrated supply chain management system a key strength that has enabled our management team to maintain efficient management and operation of our business and to provide value-added services to our principal suppliers and customers.

OUR BUSINESS STRATEGIES

We intend to continue to build our competitive strengths to increase market share and profitability. To achieve this goal, we plan to implement the following business strategies:

Continue to Develop Our Business in the High-growth PRC Market

We intend to continue to increase our market penetration and expand our geographic reach in the PRC. The PRC has achieved consistent high growth rates over the past 30 years and has become one of the world's largest economy. As the economy of the PRC continues to develop and mature, we believe that there will be an increasing demand for our products and services, especially with the growing number of university graduates over the years, who add to China's burgeoning middle class with higher disposable income and demand for consumer electronics. We believe that we are ideally positioned both strategically and geographically to continue to take advantage of the continued growth and expansion of the PRC economy and the resulting demand for electronic components and engineering solutions capabilities.

Expand Our Local Coverage in Sales and Technical Support

We have established a sales network including our headquarters in Hong Kong and nine sales and representative offices throughout Greater China. We also have two subsidiaries in Shenzhen and Shanghai, which serve as our regional headquarters of business operations in the Southern China Region and the Northern China Region, respectively. In addition, to further increase our market share within our existing coverage areas, we intend to further expand our sales and technical support network to areas in central and northeastern China where our sales network currently does not cover sufficiently. Due to the migration of manufacturing bases from coastal areas to the inland interior of China, we found that there has been a rapid growth in demand for electronic components in these geographical areas. We believe the expansion of our sales network to these areas will provide us with a sustainable competitive advantage over prospective market entrants.

Continue to Focus on Application and Development Activities to Significantly Increase Value-added Services to Customers

We believe our strategy of providing value-added services tailor-made to suit our customers' requirements has been one of the keys to our success and will continue to be an important factor in our continued success and growth. We intend to maintain and continue to build our knowledge base of designs and engineering solutions to expand the range of value-added services and strengthen the quality of products and services we deliver. To achieve this goal, we intend to increase our investment in our engineering teams and to recruit additional experts to enhance our application and development capabilities so that we can offer the most efficient value-added services to our customers. We will also strengthen our inter-departmental cooperation to keep our product offerings and market intelligence up-to-date in order for our application and development engineers to develop and introduce new designs and engineering solutions that would help our customers to keep abreast of the latest developments in technology.

Continue to Attract and Retain Top Talent in the Industry

As we constantly strive to differentiate ourselves from our competitors through the provision of value-added services that complement our product sales, the availability of engineering talent is key to our success in the industry. We continuously seek to attract and recruit employees, engineers and design houses within China who possess the necessary knowledge and experience in different application segments; as well as engaging more consultants abroad who have in-depth knowledge of international suppliers and customers. We have also recruited highly motivated teams of employees across China with a wide array of local business relationships and in-depth understanding of local markets. We motivate and nurture our existing employees and seek to attract highly qualified candidates by offering competitive remuneration packages and providing a safe and comfortable working environment. We offer our employees opportunities and career development through our internal training programs to continuously enhance their technical and management skills, as well as their industry knowledge. Through our interactive and dynamic working environment, our employees are encouraged to develop their individual potential, so that the overall team capability and customer services can be enhanced.

Continue to Expand Our Product Offerings

As the electronic component distribution industry further develops, we intend to ensure that our product offerings evolve to meet or exceed the technological and design requirements sought by our customers. To better serve our customers, we will endeavor to offer additional products and engineering solutions through cooperation with our existing suppliers as well as engagement of new suppliers. We intend to constantly update our product portfolio with new or evolving products introduced by our principal suppliers. We also intend to increase our sourcing channels abroad in Japan and the United States through engaging additional consultants with in-depth knowledge of the electronic market and future trends, so that they can help us to identify more principal suppliers that fit our strategy in having better technical support and closer relationships with our customers. By expanding our product offerings, we believe that we will further strengthen our relationships with customers while increasing our market share.

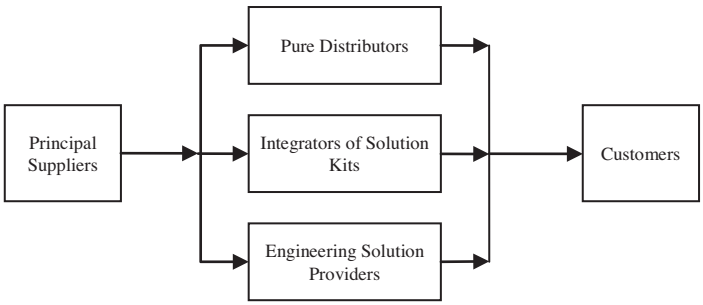
Continue to Seek Growth through Collaboration and Acquisitions

In addition to organic growth, we intend to explore opportunities to work with suitable partners in related fields through collaboration or acquisitions that provide operational synergies, enhance our technological capabilities and know-how or otherwise strengthen our current market position. We believe there are potential acquisition investment opportunities in companies specializing in the distribution of complementary products, or vertical integration opportunities with our suppliers or customers. Our objectives are to expand our product range and revenue base, and strengthen our application and development capabilities.

Our successful history of identifying and integrating acquisition and collaboration targets includes the acquisition in 2006 of a majority stake in ValenceTech Limited which primarily engages in the design, development and marketing of integrated circuits, and establishment in 2012 of GW Electronics Company Limited by us with G.M.I., a company listed on the TWSE specializing in the distribution of electronic components.

ELECTRONIC COMPONENTS SUPPLY CHAIN

The electronic components supply chain is made up of three key players, namely (i) the first-tier (principal) electronic components manufacturers, (ii) a variety of distributors based on their technical sophistications, and (iii) our customers, the end-product manufacturers. The diagram below illustrates the relationship of the key players in the electronic components industry.



Principal Suppliers

The first-tier electronic components manufacturers that produce various electronic components are generally referred to by distributors and solution providers like us as the principal suppliers, or simply the principals.

Pure Distributors

Distributors provide inventory and logistic support in various locations to the principal suppliers. Appointing a distributor is more cost effective for the principal suppliers as they are able to outsource non-core businesses, such as sales, inventory and technical support and focus on their core businesses of manufacture, research and marketing. Distributors generally serve a number of principal suppliers in order to possess a wide range of products for their customers. Principal suppliers generally do not grant an exclusive license with a single distributor and may not grant distribution rights to all distributors located within a geographic region to promote healthy competition among the distributors and avoid cannibalization.

Integrators of Solution Kits

Distributors with certain scale may become integrators of solutions kits. In building an end-product, customers usually prepare a solution kit based on its built book for the end-product and would need to fulfill it from electronic components sourced from integrators. Integrators who can source from a large selection of electronic components and have specialized knowledge of the specifications or features of the electronic components from different manufacturers can have an advantage in being able to advise suitable electronic components for specific applications and fulfill most, if not all, of the electronic components of a solution kit.

Engineering Solution Providers

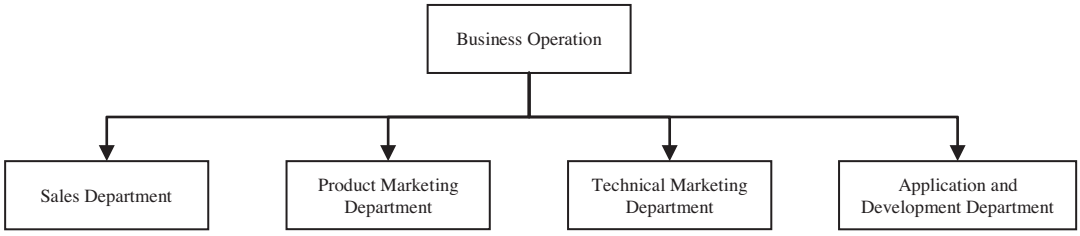
Distributors who are also engineering solution providers may provide value-added engineering solutions based on their in-depth knowledge of their principal suppliers' products and the requirements of their customers' end-products. Engineering solution providers may order electronic components with unique designs from principal suppliers to develop innovative applications, which can then be considered by our customers as new reference design. Once a customer selects a reference design, it may be that only minor customization is needed to create applications that are complementary to such customer's product design needs. As customers focus their engineering expertise in acquiring product knowledge, they look to engineering solution providers to supplement them with application knowledge, to introduce innovative products, reduce time to market and enhance their overall competitiveness.

Customers

Customers in the electronic components supply chain generally consist of well-known consumer electronic brands, OEMs, ODMs and CMs that use the products and services we provide to manufacture their end-products, such as mobile phones, home appliances, audio/video systems and automotive electronics.

BUSINESS OPERATIONS

Our business operations are undertaken by the following four operation departments: sales department, product marketing department, technical marketing department and application and development department, each staffed with engineers with the appropriate level of technical sophistication and focus.



Sales Department

Our sales department is responsible for the sales and marketing of our products to customers. Our sales team emphasizes developing long-term relationships with our customers and approaches potential customers regularly so that we can understand these potential customers' requirement and concerns and build relationships with relevant officers and personnel, to create interest in the products we distribute. Our sales team is divided geographically into the Southern China Region, the Northern China Region and Taiwan, and within each region organized based on application segments including, but not limited to, industrial, telecommunications, home appliances, electronic manufacturing services, automotive, audio and video, lighting and other application segments. This structure enables our sales personnel to develop specialized knowledge of the specific areas that they are responsible for.

Product Marketing Department

Our product marketing department is responsible for providing product information on the electronic components we source and advising our customers on the suitability of the various components for their specific designs. Our product marketing team is organized based on principal suppliers, to focus primarily on our 20 largest principal suppliers that possess different product portfolios and specialties. This department is made up of product engineers and product managers who have received training from principal suppliers in respect of the electronic components that we distribute and will cooperate with the principal suppliers to carry out certain promotional activities. For new components, our product marketing department can also organize training sessions jointly with the principal suppliers for our sales department. Our product marketing department is also responsible for evaluating the overall sales performance of the products we distribute and monitoring the purchase and inventory level of the specific product lines.

Technical Marketing Department

The primary function of our technical marketing department is to monitor and provide information and research on the trends of different application segments within the electronic industry. With their specialized segment knowledge and research, engineers in our technical marketing department are able to recognize new market trends and developments and to identify new opportunities that emerge through the development of new products and technologies within a particular application segment. The market intelligence collected by our technical marketing engineers helps our product marketing team keep our products portfolio up-to-date, as well as our application and development team to develop and introduce new designs and engineering solutions that would help our customers to keep abreast of the latest developments in technology.

Our technical marketing department also consists of field application engineers who are responsible for their specific application segments. They liaise with principal suppliers and provide our customers with on-site technical support services.

Application and Development Department

The primary objectives of our application and development department are to develop and introduce new designs and engineering solutions to cater our customers' needs and to keep them abreast of the latest developments in technology and remain competitive.

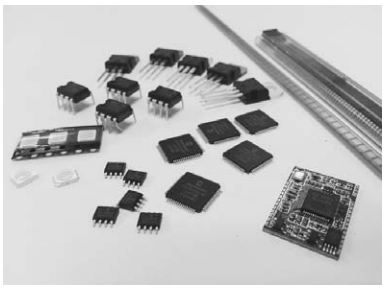
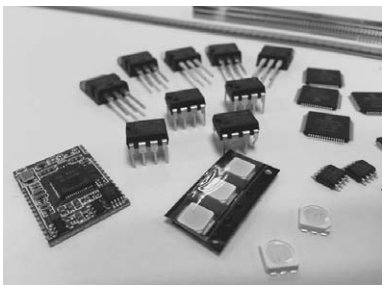
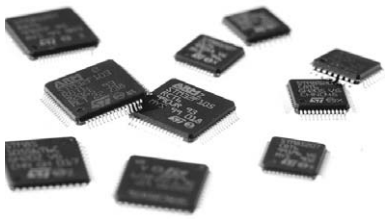
We recognize that application and development is one of our strengths and we intend to develop this area in order to provide more value-added services to our customers. As a result, we currently have an application and development department in Shenzhen, which focuses on the development of hardware products (e.g. circuit design) and software products (e.g. programming of chips for different applications) to develop tailor-made application solutions and to provide turnkey services to our customers.

PRODUCTS AND SERVICES PROVIDED

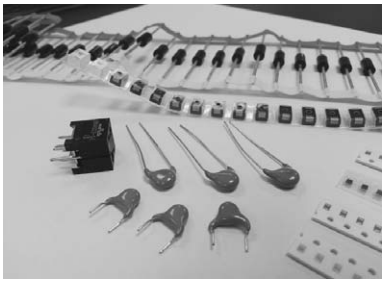
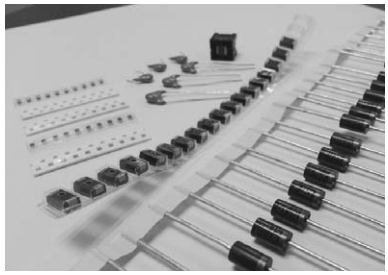
Product Portfolio

We provide more than 10,000 different electronic components to our customers in two broad categories: active components and passive and interconnecting components.

Active components generally refer to semiconductor products that supplants the previous generation of vacuum tube devices. These active semiconductor products contain semiconducting materials (such as silicon), which can increase the power of an electrical signal as they are powered by a source of electricity separate from the electrical signal. Common examples of active components include integrated circuits such as memories and microprocessors, and transistors such as MOSFETs as shown below:

Passive components generally refer to components that can interrupt, resist, or otherwise influence a current flow, but cannot control it. In effect, they are used to enhance or supplement the performance of ICs. Unlike active components, they do not require a separate source of electric power for their operation. Passive devices cover a vast range of components whose electrical characteristics are usually independent of any applied voltage. Interconnecting components are, as the name suggests, used to connect a variety of active components and passive components into an electronic assembly that controls a system. Examples of such passive and interconnecting components are devices like switches, connectors, capacitors, resistors, anisotropic conductive films and inductors as shown below:

Design and Solution Services

With the support of our technical marketing department and application and development department, we are able to act in the capacity of integrators of solution kits and/or engineering solution providers in the course of conducting our business, which is beyond the role of a pure distributor. Our solution based business model provides our customers with value-added services such as making technical recommendations, matching products to the requirements of a solution kit and provision of engineering solutions for specific applications.

As an integrator of solution kits, we provide most, if not all, of the electronic components our customers specify in their solution kits. Our solution kit service enables our customers to maximize their cost effectiveness, minimize their turnaround time and ensure fitness of electronic components for their end-products. Please refer to paragraph headed "— Workflows" below in this section for our operation process in the role of an integrator of solution kits.

As an engineering solution provider, we provide our customers with tailor-made engineering solutions and turnkey engineering services. With the specialized segment and application knowledge of our engineers in the technical marketing department and application and development department, we are able to develop and introduce new designs and engineering solutions to cater our customers' needs.

In general, our application and development initiatives can be classified into the following two categories:

Generate Reference Design

Based on the market intelligence provided by the technical marketing department, our application and development engineers develop innovative and customized engineering solutions that could be easily deployed in the key application segments that we focus on, including industrial, telecommunications, home appliances, electronic manufacturing services, automotive, audio and video, and lighting. Our product marketing team and sales team will then approach and promote the reference demo board made by our application and development engineers to potential customers. Customers can further customize our reference design to suit their requirements, which enable them to reduce their development time and keep abreast of the latest developments in technology.

Provide Tailor-made Solutions

When a customer notifies us of its intention to build a new product or modify or enhance an existing product, our technical marketing team will engage and conduct a detailed feasibility study prior to providing a suitable concept and design in line with that customer's unique specifications and budget. Our product marketing engineers will select and recommend the most cost-effective components to be used by our application and development engineers. Upon a customer's confirmation of the design and component selection, our application and development engineers will then develop a customized design or a demo board for the customer's confirmation before such customer's pilot and mass production.

Please refer to the sub-section headed "— Workflows" in this section for our operation process in the role of an engineering solution provider.

WORKFLOWS

Our specific workflow depends on the role we play in the electronic components and supply chain for the product we distribute:

As a Pure Distributor

The workflow of our distribution business is relatively straightforward. We procure electronic components from our principal suppliers and sell them to our customers.

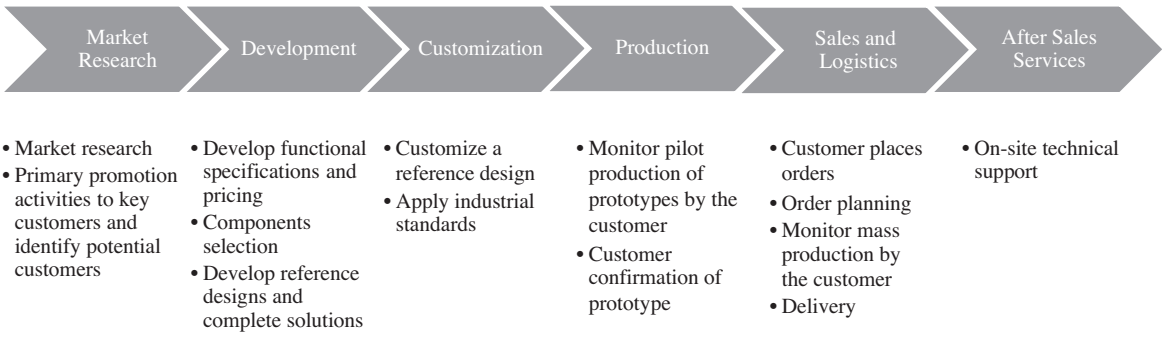
As an Integrator of Solution Kits

Upon receipt of a built book of a particular electronic end-product from a customer, we consolidate all the suitable electronic components from different principal suppliers we source, and try to fulfill most, if not all, of the electronic components of the solution kit and sell them to our customers as a package.

In cases where there are certain parts of a solution kit that could not be sourced from our principal suppliers, our product marketing engineers, with specialized knowledge of the specifications and features of the electronic components from different principal suppliers, will make effort to recommend alternative parts or components to our customers that may be more cost-effective without requiring any major modifications to the customers' original designs. Our field application engineers may also assist in this process to provide technical advices to our customers regarding any circuit modification that may be required to ensure the alternative parts or components incorporated into those end-products comply with performance requirements.

As an Engineering Solution Provider

The following diagram depicts our workflow in the role of an engineering solution provider, which involves inter-departmental cooperation to deliver to our customers a total engineering solution including market research, development, customization, production, sales, logistics and after-sales services. Our workflow could be initiated by a customer who requests us to assist it in fulfilling a specific function of the end-product it manufactures, or at our own development initiatives to introduce new designs and engineering solutions that might be of interest to our existing or potential customers to deploy into their end products so that they could stay abreast of the latest developments in technology.



Market Research

Upon receipt of a request from a customer or at our own development initiative, our technical marketing engineers conduct research on market trends and the latest developments in technology, through which they produce a feasibility study report, as well as develop conceptual designs and solutions. Our sales team then approaches our existing or potential customers with the conceptual designs and solutions to understand their requirements and concerns.

Development

Based on the proposed conceptual designs and solutions by the technical marketing team, our application and development engineers develop functional specifications and pricing for the proposed designs and solutions, while our product marketing team coordinates with our principal suppliers to select the most suitable electronic components to fulfill the proposed designs and solutions. Our application and development engineers will then produce a reference demo board for our customers to consider, and further refine functional specifications and budget based on feedbacks from our customers.

Customization

Upon a customer's confirmation of a reference design, our application and development engineers further customize such reference design to fit in the customer's products to ensure it contains the features of such customer's end-products and ensure compliance with any performance requirement and industrial standards.

Production

After obtaining a customer's final approval of the customized reference design, we assist the customer to monitor its pilot production of prototypes based on the final approved customized reference design to ensure a seamless ramp up towards mass production. Different tests and troubleshooting are performed to ensure the quality of the prototype at this stage.

Sales and Logistics

Upon a customer's confirmation and acceptance of the prototype produced based on the customized reference design, the customer places orders with us to purchase the electronic components to be used in the mass production of its end product based on the same reference design. Once our sales team negotiates and finalizes the purchase terms with our customer, our sales team begins to plan for the ordering of the electronic components from our principal suppliers. Our product marketing team coordinates with our principal suppliers to ensure they have sufficient supply of the electronic components needed for the mass production. Meanwhile, we also become involved in the organization of our customer's production schedule so that our logistics department can plan for delivery accordingly to ensure a timely delivery of the electronic components to meet the production schedule.

After-Sales Services

Our field application engineers are available to provide our customer with on-site technical support services for any technical problems relating to our designs and solutions that are used in such customer's end products.

PRINCIPAL SUPPLIERS

Principal Suppliers

We source most of the electronic components we distribute from over 20 internationally reputable principal manufacturers of electronic components for active components and passive and interconnecting components. On certain occasions, our PRC subsidiaries also source electronic components from the PRC subsidiaries of these multinational principal suppliers.

We recognize the importance of using reputable principal suppliers and are constantly seeking new principal suppliers to complement our existing range of products and to possess new devices and technologies for the up and coming markets such as smart phones, automotives, wireless communications, health care, remote diagnostics and renewable energies.

We have maintained business relationships with our major principal suppliers for nine to 32 years. Our purchases from our five largest principal suppliers together accounted for approximately 82.2%, 75.9%, 84.8% and 85.2% of our cost of sales for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, while our purchases from largest principal supplier accounted for approximately 32.2%, 32.0%, 41.0% and 38.2%, respectively, of our cost of sales for the same periods.

Principal suppliers that each accounted for 5% or more of our cost of sales during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013 were as follows:

		For the Financial Year Ended March 31,			Four Months Ended July 31,
Name of Principal Suppliers	**Country[1]**	**2011**	**2012**	**2013**	**2013**
STMicroelectronics Asia Pacific (Pte) Ltd. [2]	Switzerland	32.2%	32.0%	41.0%	38.2%
Asahi Kasei Microdevices Corp. [3]	Japan	17.6%	13.5%	11.7%	12.3%
Murata group [4]	Japan	17.5%	16.2%	17.7%	20.8%
Toshiba group [5]	Japan	9.1%	8.8%	7.6%	3.0%
New Japan Radio group [6]	Japan	5.8%	5.1%	6.8%	7.4%
Vishay group [7]	U.S.	5.1%	4.6%	3.9%	5.2%
Supplier X group [8]	Japan	4.5%	5.3%	3.2%	0.7%
Supplier Y group [9]	Japan	—	—	2.7%[10]	6.5%

Notes:

(1) "Country" refers to country of residence of the parent company of the principal supplier.

(2) STMicroelectronics Asia Pacific (Pte) Ltd. manufactures memories, microcontrollers, amplifiers, audio ICs, power management ICs and transistors.

(3) Asahi Kasei Microdevices Corp. manufactures electronic compass, Hall ICs, current sensors, audio DSPs and audio/video data converters.

(4) Murata group, including Murata Company Limited and its subsidiaries, manufactures capacitors, inductors, resonators, thermistors, RF components and modules such as WiFi, Bluetooth and Zigbee.

(5) Toshiba group, including Toshiba Electronics Asia Ltd. and its subsidiaries, manufactures memories, microcontrollers, transistors, motor control ICs, and radio-frequency devices.

(6) New Japan Radio group, including New Japan Radio Co., Ltd. and its subsidiaries, manufactures operational amplifiers, power supply ICs, radio frequency devices and microwave components.

(7) Vishay group, including Vishay Intertechnology Asia Pte Ltd. and its affiliate companies manufactures discrete semiconductors and passive components.

(8) Supplier X group, including Supplier X and its subsidiaries manufactures primary coin batteries and anisotropic conductive films.

(9) Supplier Y group, previously a part of Supplier X group, was spun off from Supplier X group in September 2012.

(10) This percentage represented our cost of sales from Supplier Y group during the period from October 1, 2012 to March 31, 2013.

As of the Latest Practicable Date, none of our Directors, their associates or our Substantial Shareholders has any interest, direct or indirect, in any of the above principal suppliers.

Incentive Schemes

Some of our major principal suppliers offer incentive schemes to us, which generally include annual stock rebates, cash rebates and income from special promotion programs. Under a stock rebate scheme, we are entitled to receive annual stock rebates based on a fixed percentage of our total net billings for the calendar year. Under a cash rebate scheme, we are entitled to receive annual cash rebates if our total net billings for the calendar year exceed certain sales targets. The exact amount of annual cash rebates that we are entitled to varies according to the sales targets achieved in the calendar year. Under a special promotion program, we are entitled to receive certain discount if our net billings for the specific product during the promotion period exceed certain sales targets. The amount of discount from special promotion programs is usually calculated as a fixed dollar rate for each unit of the products sold above the sales targets.

Annual stock rebates and cash rebates are offered to us on a calendar year basis during the first quarter following the end of each calendar year and are in the form of credit notes, which could be used to offset payments for any subsequent orders. Special promotion programs are offered to us from time to time as and when the principal suppliers want to encourage us to promote the sale of specific products. Annual stock rebates, cash rebates and income from special promotion programs are accounted in our financial statements under cost of sales, as they effectively decrease our cost of materials.

The various incentive schemes are offered to us individually or in combination at the sole discretion of the principal suppliers and our principal suppliers may cancel or modify such incentive schemes at any time. The amounts that we received from the various incentive schemes offered by our major principal suppliers accounted for approximately HK$21.0 million, HK$22.0 million and HK$2.8 million for each of the three financial years ended March 31, 2011, 2012 and 2013, respectively. The decrease in the amounts of the incentive schemes during the financial year ended March 31, 2013 was

primarily due to the modification of the incentive scheme by one of our principal suppliers. The modified scheme by this principal supplier replaced its original annual cash rebate scheme, where we would receive credit notes that can be applied in our purchases in the first quarter of the following calendar year (i.e. credit notes for targets reached in calendar year 2012 became available for use in the first quarter of calendar year 2013). Instead, it gave us the right to return a certain percentage of our obsolete inventory, which amount of inventory is determined at the year end based on our total purchase for the calendar year (i.e. our right to exchange inventory is only monetized when we physically return our obsolete inventory for new products under the stock rotation scheme). As a result of the modification by this principal supplier and the related business transition, we did not record the amount of incentive award available from this principal supplier based on our purchases from this principal supplier during the calendar year 2012 in the first quarter of the calendar year 2013 as a part of our income statement for the financial year ended March 31, 2013, but recorded it under cost of sales sometime in the four months ended July 31, 2013, as and when we physically returned our obsolete inventory under the stock rotation scheme.

Notwithstanding this stock rotation scheme, any defective products we return to this principal supplier does not account for quota of the products that we are entitled to rotate under the stock rotation scheme.

Supply Agreements

We generally enter into supply agreements with all our principal suppliers. None of our principal suppliers require us to purchase a minimum amount of products each year. We are not required to make any prepayment or deposits to any of our principal suppliers. The salient terms of a common supply agreement are as follows:

- ***Contract Period***: We generally enter into fixed term supply agreements of one year, two years, three years or five years, which are usually renewable either automatically or with the consent of either party. In certain cases, we may also enter into indefinite term supply agreements, which last until termination by either party.

- ***Rights and Obligations***: The principal supplier will sell, and we will purchase, the products stipulated in the supply agreement. The principal supplier also warrants that the products provided are in compliance with the requirements under the applicable laws and regulations.

- ***Territory***: We are authorized to sell products within a designated geographical area. We are not permitted to make sales in areas outside of our designated geographical area.

- ***Pricing***: As stipulated in almost all of our supply agreements, we are required to purchase from our principal suppliers, and sell, the products with reference to the price list provided by our principal suppliers. In general, we can further negotiate with our principal suppliers on the purchase prices of the products, and we have a high degree of flexibility in determining the selling prices of the products we distribute.

- ***Credit Terms***: Our principal suppliers usually grant us credit terms ranging from 30 to 60 days.

- ***Warranty and Product Return***: Almost all of our supply agreements stipulate that the principal supplier provides warranties as to the quality of the products and agrees to replace, repair or refund the purchase prices of any defective products within the warranty period, which is usually one to two years. Any costs arising from repair, replacement or return may be borne by either party based on the negotiated terms. Most of our supply agreements stipulate that such costs are borne by our principal suppliers.

- ***Exclusion of Liabilities***: Except for the warranties in relation to the quality of the products, almost all of our supply agreements stipulate that our principal suppliers are not responsible for any consequential or special damages relating to sale/resale of the products.

- ***Minimum Incentive Target***: Some of our principal suppliers set a minimum incentive target, which we are required to meet in order to be eligible to participate in various performance incentives programs and receive performance incentives and stock rebates usually in the form of credit notes, which could be used to offset payments for any subsequent orders. The amount of incentives that we receive are usually calculated based on a formula determined by the principal suppliers at their sole discretion which generally take into account various factors including the amount of purchase, the amount of return and the average collection period, etc. Our principal suppliers have the sole discretion to determine the minimum incentive target and may cancel or modify the performance incentive programs at any time.

- ***Sales Forecast***: We are required to provide a rolling forecast on a monthly basis to some of our principal suppliers.

- ***Termination***: The supply agreement may be terminated by either party by serving written notice upon an occurrence of an event of default as stated in the relevant supply agreement.

- ***Logistics and Delivery***: The products are delivered and the parties bear the transportation costs and the risk of the products being damaged during transit based on the negotiated shipping terms. In most cases, transportation costs are borne by our principal suppliers.

The strengths of our Company are built on the fact that notwithstanding the occasional cases where there may be shortages of certain electronic components in the industry generally, we are generally able to obtain priority supply and favorable allocation from our principal suppliers because of our bulk purchases and long standing relationships with them. To the extent that supply is still insufficient to meet our customers' need, our engineers with their specialized knowledge would recommend alternative electronic components to minimize the impact of any shortage or delay. Similarly, where there is shortage of supply from any of our principal suppliers, we manage such shortages through obtaining priority supply and favorable allocation from our other principal suppliers or recommending alternative electronic components to minimize the impact of any shortage or delay. In the event that more than one customers have ordered the same products that are in short supply, our experienced sales team allocates our available stock among our customers, typically taking into

consideration such factors as (i) our relationships and potential future business opportunities with the customers (ii) the customers' specific requirements and whether alternative products are available, (iii) the customers' respective order size and scheduled delivery date, and (iv) the profit margin of the respective application segment of the customers. We have generally been able to successfully manage supply shortages during the three financial years ended March 31, 2013 and the four months ended July 31, 2013 through the supply of alternative products and other means. Our Directors confirm that there has been no breach in any of our supply agreements or sales agreement by the relevant contracting parties that has caused any material adverse effect on our business, financial condition or results of operations during the three financial years ended March 31, 2013 and the four months ended July 31, 2013 and as of the Latest Practicable Date.

INVENTORY MANAGEMENT

We usually purchase products from our principal suppliers from time to time having considered (i) our forecast of customers' needs, (ii) our inventory levels, and (iii) the availability of stocks from principal suppliers. In certain cases, upon receipt of forecast or confirmed order from a customer, we stock up our inventory in accordance with such customer's individual and unique specifications and requirements. We employ advanced enterprise resource planning (ERP) systems to track inventory levels as well as ensure adequate levels of products. As our products are bar-coded, we are able to monitor the outflow of products from our warehouses in real-time.

Our employees who possess a wide array of local business relationships and in-depth understanding of local markets also seek to identify and mitigate risks with certain specialized components through entering into non-cancelable/non-returnable sales agreements.

To facilitate a healthy growth of our business, we may enter into formal agreements, or case-by-case arrangement, with our principal suppliers regarding obsolete inventory. These arrangements may include (i) stock rotation that allows us to return or exchange certain obsolete inventory based on the original purchase price of the obsolete inventory, and (ii) scrapping of a certain amount of obsolete inventory for credit against other orders based on the original purchase price of the obsolete inventory. In each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, (i) approximately HK$8.9 million, HK$20.7 million, HK$10.6 million and HK$10.6 million, respectively, of our stock were returned or exchanged, and (ii) approximately HK$3.1 million, HK$3.0 million, HK$2.2 million and HK$1.0 million, respectively, of our scrapped inventory were credited against other orders.

We usually maintain 60 days supply of stock and as of July 31, 2013, our stock holdings were valued at approximately HK$431.8 million. Our inventory turnover days for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013 was 51 days, 51 days, 45 days and 50 days, respectively. Our inventory write-downs for the four months ended July 31, 2013 was approximately 0.7% of total inventory.

LOGISTICS AND WAREHOUSING

Warehouse

We store our inventory primarily in warehousing facilities that we lease and independently manage. Our self-operated warehouses include two warehouses of 32,623 sq.ft. and 8,250 sq.ft., respectively, in Hong Kong, which serve the greater China Region, one warehouse of approximately 12,313.9 sq.ft. in Waigaoqiao, Shanghai and one warehouse of 1,963.6 sq.ft. in Jinqiao, Shanghai, both of which serve the Northern China Region. Our warehouses are managed by our integrated supply chain management system, which enables us to control the movement and storage of products and inventory level in our warehouses so that we could rent additional temporary warehousing spaces based on our business need to achieve optimal warehouse capacity utilization.

In addition to our own warehouses, we store our inventory in warehouses operated by third party logistic companies in close proximity to our customers' business locations. Sometimes we also store our consignment inventory in warehouses at our customers' business sites and the title of our products is passed to our customers at the time the products are withdrawn from the warehouses by our customers. As of July 31, 2013, none of our Directors or Substantial Shareholders has any interest, direct or indirect, in any of the warehouses we used that is operated by a third party.

Logistics

Due to the variety of sizes, types and locations of our principal suppliers, our logistics department works with our principal suppliers to accommodate a variety of shipping terms and risk of loss arrangements for the shipment of electronic components to our warehouses. We also provide delivery services to our customers with risk of loss arrangement as negotiated. To minimize capital expenditures, we contract with third parties for transportation services on an as needed basis for products we are responsible for delivery. We have engaged third party logistics companies to handle our logistics, some of which had maintained relationships with us for over 20 years.

Our Shanghai warehouse situated in the Waigaoqiao Free Trade Zone (外高橋保税區) serves as our logistics center for the Northern China Region. Our Shanghai subsidiary was granted AA Customs Management Enterprise status in May 2012. As an AA Customs Management Enterprise, we enjoy certain convenient services for customs clearance purposes including, but not limited to, expedited clearance facilitation, exemption from customs examinations in general and processing by dedicated customs officers to accelerate all import or export aspects of our business. The favorable treatment we received as an AA Customs Management Enterprise enables us to provide better services to our principal suppliers and customers while improving our operational efficiency and reducing our operating costs.

Logistics Service Agreement

We enter into service agreements with logistics companies who provide us with logistics services. Some salient terms of the logistic service agreements are as follows:

- ***Contract Period***: one or multiple years.

- ***Services Provided***: third party logistics service providers will assist us in (i) import customs clearance and coordination for inspection of our imported products, (ii) foreign currency exchange, (iii) storage and warehouse management of our imported products and (iv) delivery of the imported products to our customers.

- ***Expenses***: for each batch of imported products, we generally pay a fee ranging from 0.4% to 0.9% of the value of the imported products.

We would bear any exchange rate risk involved in the foreign currency exchange services provided by the third party logistics companies. As of the Latest Practicable Date, none of our Directors or Substantial Shareholders has any interest, direct or indirect, in any of our third party logistic service provider.

SALES AND MARKETING

Sales Networks

Over the years, we have established a network of ten offices including our headquarters in Hong Kong, eight sales and representative offices throughout the PRC and one sale and representative office in Taiwan. To effectively manage our sales network, we have geographically divided our sales network based on where our customers are located, into the Southern China Region, the Northern China Region and Taiwan. The Southern China Region covers five cities namely, Guangzhou, Hong Kong, Shenzhen, Xiamen and Zhongshan, and the Northern China Region covers four cities namely, Beijing, Shanghai, Qingdao and Chengdu. Hong Kong and the PRC markets have been the core contributors of our revenue during the three financial years ended March 31, 2013 and the four months ended July 31, 2013. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, revenue generated from our sales network comprising the Southern China Region (including Hong Kong) and the Northern China Region was approximately HK$3,685.7 million, HK$3,153.8 million, HK$3,031.5 million and HK$1,047.0 million, representing 97.0%, 96.7%, 96.0% and 97.2%, of our total revenues, respectively.

The following table sets out a breakdown of our revenue by geographical location of our customers in our trading of electronic components business segment during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Geographic segments:										
Southern China Region (including Hong Kong)	2,526,349	66.5%	2,159,340	66.2%	1,951,577	61.8%	714,268	64.6%	669,446	62.2%
Northern China Region	1,159,348	30.5%	994,488	30.5%	1,079,915	34.2%	353,411	32.0%	377,484	35.0%
Taiwan	73,221	2.0%	84,049	2.6%	104,696	3.3%	28,162	2.5%	23,348	2.2%
Trading of electronic components	3,758,918	99.0%	3,237,877	99.3%	3,136,188	99.3%	1,095,871	99.1%	1,070,298	99.4%
Trading and designing integrated circuits:										
Trading and designing integrated circuits (before elimination)	75,775	2.0%	57,971	1.8%	53,953	1.7%	23,972	2.2%	20,039	1.9%
Elimination[(1)]	(37,573)	(1.0%)	(33,762)	(1.1%)	(32,544)	(1.0%)	(14,080)	(1.3%)	(13,771)	1.3%
Trading and designing integrated circuits (after elimination)	38,202	1.0%	24,209	0.7%	21,409	0.7%	9,892	0.9%	6,268	0.6%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

Note:

(1) Elimination of inter-company transactions of trading and designing integrated circuits.

The following map illustrates the network coverage of our sales regions as of the Latest Practicable Date:



Marketing

In order to maintain good relationships with our customers, our sales team keeps regular contact with our key customers so that we are able to be kept informed of the latest developments in respect of our customers' business as well as their on-going requirements. Our sales team jointly with our technical marketing team also hold seminars to keep our customers informed of our latest product offerings and application development activities. We also participate in trade exhibitions and place advertisements in trade magazines to further develop our relationships with potential customers.

APPLICATION SEGMENTS

The following is a breakdown of our revenue by application segments for the periods indicated:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Application segments:										
Industrial	750,936	19.8%	745,923	22.9%	735,829	23.3%	244,196	22.1%	273,951	25.4%
Telecommunications	517,140	13.6%	478,318	14.6%	519,841	16.5%	172,170	15.6%	140,967	13.1%
Dealers	549,027	14.5%	439,722	13.5%	462,232	14.6%	145,904	13.2%	165,577	15.4%
Home appliances	332,160	8.7%	371,663	11.4%	365,537	11.6%	148,681	13.4%	121,380	11.3%
EMS	473,168	12.5%	306,342	9.4%	242,050	7.7%	93,954	8.5%	78,988	7.3%
Automotive	196,681	5.2%	187,632	5.7%	219,638	7.0%	74,754	6.7%	78,578	7.3%
Audio and video	512,584	13.5%	359,144	11.0%	316,654	10.0%	111,481	10.1%	113,920	10.6%
Lighting	224,536	5.9%	181,481	5.6%	149,406	4.7%	62,827	5.7%	50,953	4.7%
Others	240,888	6.3%	191,861	5.9%	146,410	4.6%	51,796	4.7%	52,252	4.9%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

The following is a more specific description of each of our major application segments:

Industrial

Our products are distributed to manufacturers of industrial machineries. The principal end-products of this segment include industrial power supplies, industrial control units, industrial motors, sewing machines, welding machines, smart meters, LCM, chargers and point of sales bar-code machines and cashiers.

Telecommunications

Our products are distributed to manufacturers of consumer electronics in the telecommunications industry. The principal end-products of this segment include smart phones, tablets, media internet devices, portable navigation devices, embedded Wi-Fi and Bluetooth products.

Home Appliances

Our products are distributed to manufacturers of home appliances products. The principal end-products in this segment include household appliances, such as air conditioner, refrigerator and washing machine, as well as small household appliances, such as kitchen blenders, food processors, coffee machines, vacuum cleaners and clothing irons.

Dealers

Our products are distributed to (i) specialty dealers who may be a remote region distributor that further distributes the products to the end-customers located in a remote area, (ii) regional logistic service providers who are assigned by a particular customer to handle that customer's purchases within a geographic region, or (iii) traders who are seeking low price providers. As of the Latest Practicable Date, we do not control or enter into any sub-distribution or franchise agreement with any of our customers in this application segment, nor do we monitor their inventory level or sales level. They do not hold any inventory under our name either. We treat our dealer customers in the same way as we treat our customers in other application segments. None of our Directors or Substantial Shareholders has any interest, direct or indirect, in any of our customers in this application segment. The number of customers we have in this application segment is subject to fluctuation as a result of industry consolidation or new entrants. During each of the three financial years ended March 31, 2013 and the four months ended July 31, 2013, we had 1,147, 1,051, 939 and 630 dealer customers, respectively.

The following table sets out a breakdown of our revenue contributed by the specialty dealers, regional logistic service providers and traders, respectively, during the three financial years ended March 31, 2013 and the four months ended July 31, 2012 and 2013.

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
	(HK$ in thousands)				
Type of dealers:					
Specialty dealers	82,915	58,880	60,127	18,251	11,216
Regional logistic service providers	5,113	3,244	1,815	414	979
Traders	460,999	377,598	400,290	127,239	153,382
Total	549,027	439,722	462,232	145,904	165,577

The fluctuations in our sales to traders and specialty dealers during the three financial years ended March 31, 2013 and the four months ended July 31, 2013 were generally in line with our overall turnover during the same periods. However, our sales to regional logistic service providers decreased over the three financial years ended March 31, 2013, as we continuously expanded our sales network and began to directly trade with end customers who were previously served by the regional logistic service providers. Despite the general trend, our sales to regional logistic service provider for the four months ended July 31, 2012 was lower than that for the four months ended July 31, 2013, primarily due to one of our customers assigning a regional logistic service provider to handle its purchase of certain products during the second half of the financial year ended March 31, 2013 and the four months ended July 31, 2013, as a result of which we recorded a higher sales amount to the regional logistic service providers during the four months ended July 31, 2013 compared to the four months

ended July 31, 2012. Our sales to the specialty dealers decreased by approximately 38.5% from approximately HK$18.3 million for the four months ended July 31, 2012 to HK$11.2 million for the four months ended July 31, 2013, primarily due to one of our customers ceasing its business operations as a specialty dealer.

Electronic Manufacturing Services

Our products are distributed to providers of electronic manufacturing services (EMS) for manufacturing processes.

Automotive

Our products are distributed to manufacturers of automotive products. The principal end-products of this segment include car infotainment systems and modules for automotive such as LED lamp control, dash board, rain wiper control, body control modules and engine control units.

Audio and Video

Our products are distributed to manufacturers of audio and video products. The principal end-products of this segment include audio systems, mobile device docking stations, sound bars, wireless speakers and Bluetooth headsets.

Lighting

Our products are distributed to manufacturers of lighting products. The principal end-products of this segment include LED light sources, LED drivers, ballast and high-intensity discharge HID lamps.

Others

Our products are distributed to manufacturers of other miscellaneous electronic products such as PCs, healthcare products and toys.

CUSTOMERS

Our customers consist of well-known consumer electronic brands, OEMs, ODMs, CMs and other industrial and commercial customers.

Over the years, we have established a broad customer base comprising more than 3,000 companies that manufacture for a variety of industries, which include audio and video, industrial, telecommunications, home appliances, automotive, lighting and other application segments. These companies range from multinational companies to medium-sized corporations in the PRC and Hong Kong. Given our broad customer base, we believe that we are not dependent on any single industry, customer or product type.

Our five largest customers during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013 were as follows:

Four Months Ended July 31, 2013

Name	Sales amount (HK$ in thousands)[1]	Years of relationship with our Group	Background
Customer A.....	43,699	10	A Hong Kong based OEM for small home electronic appliances
Customer B.....	34,076	11	A Hong Kong based manufacturer of LCD panels and consumer electronic products that became listed on the Stock Exchange in 1991
Customer C.....	22,624	5	A PRC based company that primarily engages in the design, manufacture and retail of mobile phones with nationwide distribution channels and its own mobile brand
Customer D.....	22,429	6	A PRC based provider of mobile handsets, wireless technology products and services that became listed on the Singapore Stock Exchange in 2005
Customer E.....	21,587	5	A Shanghai based manufacturer focused on standard of short distance wireless network products and technology development and promotion

Financial Year Ended March 31, 2013

Name	Sales amount (HK$ in thousands)[1]	Years of relationship with our Group	Background
Customer A.....	94,611	10	A Hong Kong based OEM for small home electronic appliances
Customer F.....	81,778	3	A Taiwan based company that primarily engages in the manufacture and sale of mobile communication products and became listed on the TWSE in 2004
Customer B.....	80,498	11	A Hong Kong based manufacturer of LCD panels and consumer electronic products that became listed on the Stock Exchange in 1991
Customer G.....	78,328	8	A leading PRC based manufacturer of home appliances that became listed on the Shanghai Stock Exchange in 1993
Customer C.....	73,343	5	A PRC based company that primarily engages in the design, manufacture and retail of mobile phones with nationwide distribution channels and its own mobile brand

Financial Year Ended March 31, 2012

Name	Sales amount (HK$ in thousands)[1]	Years of relationship with our Group	Background
Customer A.....	127,220	10	A Hong Kong based OEM for small home electronic appliances
Customer H.....	107,524	6	A company dual listed on the TWSE and the London stock exchange that provides contract manufacturing services
Customer B.....	68,082	11	A Hong Kong based manufacturer of LCD panels and consumer electronic products that became listed on the Stock Exchange in 1991
Customer C.....	62,484	5	A PRC based company that primarily engages in the design, manufacture and retail of mobile phones with nationwide distribution channels and its own mobile brand
Customer I.....	61,566	11	A Hong Kong based trader and distributor of electronic components

Financial Year Ended March 31, 2011

Name	Sales amount (HK$ in thousands)[1]	Years of relationship with our Group	Background
Customer H.....	271,965	6	A company dual listed on the TWSE and the London stock exchange that provides contract manufacturing services
Customer D.....	118,260	6	A PRC based provider of mobile handsets, wireless technology products and services that became listed on the Singapore Stock Exchange in 2005
Customer J.....	100,256	7	A Japan based manufacturer of automotive electronics that became listed on the Tokyo Stock Exchange in 1961
Customer B.....	92,100	11	A Hong Kong based manufacturer of LCD panels and consumer electronic products that became listed on the Stock Exchange in 1991
Customer A.....	91,244	10	A Hong Kong based OEM of small home electronic appliances

Note:

(1) The amount represents the amount of sales by our Group to the relevant customer and its affiliates.

Our five largest customers together accounted for approximately 17.7%, 13.1%, 12.9% and 13.4% of our total revenue for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, while our largest customer accounted for approximately 7.2%, 3.9%, 3.0% and 4.1%, respectively, of our total revenue for the same periods. We seek to maintain long-term relationships with our customers. We have maintained between three to 11 years business relationship with our major customers for the three financial years ended March 31, 2013 and the four months ended July 31, 2013. We have also been able to maintain a stable customer base during the three financial years ended March 31, 2013 and the four months ended July 31, 2013. Although the respective constituents of our five largest customers changed during each of the three financial years ended March 31, 2013 and the four months ended July 31, 2013, each of them remained our customer as of the Latest Practicable Date. Our repeat customers accounted for more than 90.0% of our turnover for the financial year ended March 31, 2013.

As of the Latest Practicable Date, none of our Directors, their associates or our Substantial Shareholders has any interest in any of our top five customers.

Sales Agreements

We generally enter into sales agreements with our customers to establish the framework of our business dealings. Subsequently, our customers place purchase orders with us in order to effect a specific purchase transaction and such purchase orders generally stipulate the price, quantity and delivery date of the relevant products. We reserve all rights before granting our customers the permission to alter or cancel any purchase order, with or without compensation. Unless the conditions are specified in the sales agreements, we do not warrant our customers that they will always be able to alter or cancel their purchase orders, but we may consider granting such permissions on a case by case basis, with or without compensation, taking into account our ability to handle and resolve the returned inventory and the cost for such resolution. Generally, before the products have left our warehouse, we may permit our customers to alter or cancel any purchase order without compensation if the products are commodity in nature that can be easily resold to other customers. For certain niche or specially ordered products, we would enter into non-cancellable, non-refundable contracts with our customers under which orders placed with us cannot be altered or cancelled and the payments made are not refundable. Under the sales agreements, we generally bear the delivery costs. The salient terms of the standard sales agreements are as follows:

- ***Contract Period***: The sales agreements we enter into with our customers are generally fixed term sales agreements of one year, two years, or three years, which are usually renewable either automatically or with consent of either party. In certain cases, we may also enter into indefinite term sales agreements with our long-term customers.

- ***Rights and Obligations***: We will sell and our customers will purchase, the products stipulated in the sales agreement.

- ***Credit Terms***: We generally grant to our customers credit terms ranging from 30 to 90 days.

- ***Pricing and Settlement***: We require our new customers to make payments by check upon delivery for the whole or substantially the whole of our initial shipments. Thereafter, payment is made generally by check or wire transfer and payable within the credit term granted.

- ***Price Adjustment***: In the event of any price adjustment by our principal suppliers, we have the right to require a corresponding price adjustment with our customers. However, any price adjustment needs to be agreed by both parties before it takes effect.

- ***Warranty***: We provide certain warranties as to the quality of the products and agree to liaise with the principal suppliers for repair, replacement or return of the defective products within the warranty period which is usually one to two years. Any costs arising from such repair, replacement or return may be borne by either party based on the negotiated terms which, however, in most cases are borne by us, and we can subsequently claim the same from our principal suppliers based on the terms of the supply agreements.

- ***Termination***: The sales agreement may be terminated by either party by serving written notice upon an occurrence of an event of default as stated in the relevant sales agreement. The sales agreement may also be terminated upon both parties' mutual agreement.

- ***Logistics and Delivery***: The products are delivered and the parties bear the transportation costs and risk of products being damaged during transit based on the negotiated shipping terms. In most cases, transportation costs are borne by us.

During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, there was no significant reduction or cancellation of orders from our customers, and no provision has been made for the warranties provided to our customers for the preparation of our financial statements.

Pricing Policy

In determining the selling prices of our products to our customers, we typically consider the cost of materials and a number of factors including (i) the customer's specific requirements and the range of value-added services we are required to provide where the value of such value-added services are not separately invoiced to our customers but are amortized into our unit sales prices; (ii) the industry of the customer and competition, and (iii) ordering size. In the event of any price adjustment by the principal suppliers, we will try to pass such prices to our customers.

Credit Control Policy

We have implemented and maintained a credit control policy. Before accepting any new customer, we use a credit scoring system to assess the potential customer's credit quality before we grant credit limit to such customer. We reassess our existing customers twice a year and adjust credit limits as necessary. For the three financial years ended March 31, 2013 and the four months ended July 31, 2013, we did not have any single customer representing more than 10% of the total balance of trade receivables.

For each of the financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, approximately 84.9%, 83.5%, 82.9% and 82.2% of our turnover was based on credit sales and approximately 99.6%, 99.7%, 99.1% and 99.1% of our purchases was based on credit purchases.

Our average trade receivables turnover days for each of the three financial years ended March 31, 2011, 2012, 2013 and the four months ended July 31, 2013 were 54 days, 59 days, 55 days and 56 days, respectively. Established customers are usually given credit terms of between 30 to 90 days upon delivery. We adopt a payment-on-delivery policy for our new customers.

Our trade payables turnover days (excluding the effect of trade finance facilities drawn down such as trust receipt loans and bills payable) for each of the three financial years ended March 31, 2011, 2012, 2013 and the four months ended July 31, 2013 were 39 days, 39 days, 36 days and 37 days, respectively. The average credit term for all our creditors/principal suppliers is between 30 to 60 days. Generally, we maintain a minimum stock level of approximately 60 days supply at any point in time.

We finance our credit control policy and our minimum stock level policy through external short-term borrowings.

INTEGRATED SUPPLY CHAIN MANAGEMENT SYSTEM

In order to improve our operational efficiency and stay competitive, we have integrated key processes throughout our business operations from suppliers to customers and across different function teams within our Group. To facilitate information sharing and management, including building a central database, we employ an advanced enterprise resource planning, or ERP system that we customized in house as a tool to computerize our daily operational data flow and provide an on-line electronic data interchange (EDI) platform. Our fully-integrated supply chain management system is depicted in the diagram below:



Currently, the supply chain management system contains the following main modules:

Module Name	Main Features
Customer Relationship Management	• customer database with detailed customer information • sub-module to monitor sales trends
Customer Demand	• determine forecastable and non-forecastable products based on sales record • ability to identify inventory level for buffering purposes and determine an optimized inventory level for buffering • record of sales activities e.g. design-in, visit report to ensure quality pre-sale service • sub-module for sales projection
Sales Order and Customer Invoice	• quotation module with electronic connections • sales order module interfaced with the quotation module • auto scheduling module to enable auto confirmation of delivery date based on on-hand quantity, incoming schedule and priority • sales invoicing module has interface with accounting system • accounts receivable and overdue balance monitoring • identify past due customers for approval by account heads
Purchase Order and Vendor Invoice	• purchase module with features to enforce control based on pre-defined purchase policy, buffer level and market Information • Electronic Data Interchange (EDI) with major principal suppliers • vendor invoice module interfaced with accounting system
Vendor Management	• purchase record module to enable performance analysis of principal suppliers
Warehouse Management	• quantity and location information available on a real-time basis • provide packing list and customer label • bar code enabled • fully integrated with purchase and sales module

Module Name	Main Features
Customer Service	• credit control module based on past payment pattern and pre-set credit limits that controls the release of goods to our customers • delivery management module for efficient customer invoicing and goods delivery

This integrated supply chain management system provides an on-line platform to achieve operational efficiency, effectiveness and control in various areas of our business such as inventory management and customer credit risk management.

Besides the daily routine functions, this system also provides us with useful tools and data to evaluate market trends and customer needs so that we can plan our marketing strategy more effectively and provide tailor-made value-added services to our customers and principal suppliers.

Our system is maintained in-house by our technical engineers, which gives us more flexibility when we need to upgrade and customize the system to meet our business need.

QUALITY CONTROL AND PRODUCT RETURN POLICY

Our customers may generally return products that are damaged, have incomplete packages, unclear labels or missing contents or are inconsistent with the specifications of the product for replacement.

As a distributor, we do not directly monitor the quality, design or control procedures of the products manufactured by our principal suppliers. However, we provide warranties to our customers for products sold that are generally based on warranties given to us under our supply agreements. We generally accept returns for defective products by our customers. We subsequently return defective products under warranty to the relevant principal suppliers for repairs or exchanges, and the relevant principal suppliers normally bear the related costs under the supply agreements. In the event that a claim under warranty comes to light after we have sold the products to our customers, we will try to recoup any losses incurred by us from the relevant principal suppliers.

During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, returns to us from our customers amounted to approximately HK$5.5 million, HK$10.6 million, HK$10.8 million and HK$1.7 million, respectively, and returns by us to our principal suppliers amounted to approximately HK$8.9 million, HK$20.7 million, HK$10.6 million and HK$10.6 million, respectively. The amount returned to us from our customers and the amount returned by us to our principal suppliers does not correspond perfectly on an item-to-item or shipment-to-shipment basis. At times, when we ship products to our customers in several batches our customer may return the first batch of defective products we have shipped to our customers, while we would return the entire lot of defective products to our principal suppliers, which included batches that have not yet been delivered to our customers. At other times, after we have already shipped out the products, our customers may request a delay in delivery time and return the products to us, for which we would re-issue the invoice and reship the products at a later date. We may also return some inventory to our principal suppliers as a part of our stock rotation arrangement, not as a result of any defect or return from our customers.

AWARDS AND RECOGNITIONS

We have received numerous awards from our principal suppliers and industrial publications in recognition of our contributions as a distributor in the electronic components market. These awards were granted to us based on either our customer services or our contribution to the innovation and development of engineering solutions and applications. Some of the awards received are as follows:

Award Body	Name of Award	Year
STMicroelectronics	Best Demand Creation (APG) Award	2012
	Best Innovation Award	2011
	New Products Push Program	2005
	Best Innovation in the Development of Digital Ballast Base on L6382	2010
	Special Award for the Qualification of New TRICAS T-Series and Hi-Tj	2010
Murata	Corporate Awards in Outstanding Contribution	1984, 1987, 1990, 1993, 1997, 2002, 2003 and 2006
Sony	Best Distributor	1996, 1997 and 2000
Toshiba	Customer Award	2002-2005, 2006-2008
Vishay	Golden Partner Award	2009
Electronics Supply & Manufacturing-China	Most Preferred Regional/Overseas Franchised Distributor	2006-2008, 2011-2012
NEC	Award for a Best Supplier	2006

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had registered 17 trademarks, six copyrights, two patents and four domain names. The details of the intellectual property rights owned by our Group are set forth under "General Information — Our Intellectual Property Rights" in Appendix VI to this Listing Document.

We recognize the importance of protecting and enforcing intellectual property rights. As of the Latest Practicable Date, we were not aware of any material infringement of our intellectual property rights and we believe that we have taken all reasonable measures to prevent any infringement of our own intellectual property rights.

COMPETITION

We consider our business environment to be competitive and anticipate further competition from existing competitors and new market entrants in the future. We believe that we face competition mainly from other regional and national distributors, which may possess different competitive strengths.

We constantly strive to differentiate ourselves from our competitors through the provision of value-added services that complement our product sales. We believe that our ability to act more than as a pure distributor is critical to our success and has enabled us to sustain our profit margins despite the severe competition in the electronic components distribution industry. With the support of our technical marketing department and application and development department, we are able to act in the capacity of integrators of solution kits and engineering solution providers in the course of conducting our business, and provide a broad range of value-added services from integrating various electronic components for our customers' solution kits to the creation of engineering solutions that are complementary to our customer's product design needs by utilizing our proprietary know-how and special features of the products we distribute. Our Directors believe that our solution based business model has enabled us to create demand for the products we distribute through provision of value-added services tailor-made to suit our customers' requirements. In addition, we are one of the pioneering distributors to penetrate in the PRC market for more than 20 years and have built up a strong sales network and good logistic foundation in major PRC cities. We believe that we have an edge over our competitors for reasons set out more specifically in the sub-section headed "— Our Competitive Strengths" in this section.

ENVIRONMENTAL MATTERS

As our principal operations only involve warehousing and distribution, we are not required to obtain any approval or license from any environmental protection bureau in respect of our principal operations under the applicable national or local environmental laws and regulations in the jurisdictions where we operate.

INSURANCE

We carry insurance covering risks including loss and theft of, and damage to, property (such as our fixed assets and inventories in all our warehouses). We believe our insurance coverage is adequate for our operations and as of the Latest Practicable Date, we had not made or been the subject of any material insurance claims.

EMPLOYEES

As of July 31, 2013, we had a workforce of 557 full-time employees of which approximately 40.9% were employed in Hong Kong, 54.8% in the PRC, and the remaining in Taiwan. Our employees are not unionized. The relationship and co-operation between the management and staff has been good and this is expected to continue in the future. There has not been any incidence of work stoppages, labor disputes, litigation, claims, administrative action or arbitration relating to labor disputes that has affected our operations.

We actively pursue a strategy to recruit, develop and retain talented employees by (i) providing them with training programs on a regular basis to keep them abreast of their knowledge in the products we distribute, technology development and market conditions of the electronic industry, (ii) aligning employees' compensation and incentives with their performance and (iii) providing them with a clear career path with opportunities for additional responsibilities and promotions.

Our average staff turnover for the three financial years ended March 31, 2013 and the four months ended July 31, 2013 was approximately 8.4% and our Directors are of the opinion that this is in line with the industry's trend.

The geographical and functional distribution of our full-time employees as of July 31, 2013 are as follows:

Function	Hong Kong	PRC	Taiwan	Total
Management	75	45	4	124
Sales and Marketing	53	146	16	215
Technical	1	33	—	34
Research and Development	16	25	—	41
Logistics	41	17	2	60
Information Technology	6	3	—	9
Supporting	36	36	2	74
Total	228	305	24	557

Our employees in Hong Kong are required to participate in a defined contribution pension scheme, the Mandatory Provident Fund scheme, under which we are required to contribute a fixed percentage of the employees' payroll costs to the pension scheme. Contributions to the Mandatory Provident Fund are recognized as an expense in the period in which the related service is performed.

The employees of our subsidiaries that operate in Taiwan are also required to make contributions to a defined contribution pension scheme. Contributions to the Taiwan pension schemes are recognized as an expense in the period in which the related service is performed.

For the employees of our subsidiaries that operate in the PRC, we make contributions to various government sponsored employee benefit funds, including social insurance fund, housing fund, basic pension insurance fund and unemployment, maternity and work related insurance funds in accordance with applicable PRC laws and regulations. These contributions are recognized as an expense in the period in which the related service is performed.

PROPERTY, PLANT AND EQUIPMENT

We have four owned properties in Hong Kong and in the PRC, details of which are set out in Appendix III.

We currently rent the following properties:

Location	Gross area (sq.ft.)	Tenure	Use	Lessor	Monthly rental
9/F Wyler Centre Phase I, 202-210 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	32,623.0	3 years commencing from January 21, 2012	Warehouse	Famous Land Limited	HK$264,246
Factory B, 5/F Eastern Industrial Building, 42-50 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong	8,250.0	3 years commencing from July 20, 2012	Warehouse	Winson Knitting Factory Co., Ltd.	HK$48,000 (July 20, 2012 - July 19, 2014) HK$49,500 (July 20, 2014 - July 19, 2015)
Carpark No.21 & 22, 2/F Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	n.a.	1 year commencing from April 1, 2013	Parking space	Tak Sing Alliance Ltd.	HK$5,000
Carpark No.72, 2/F Wyler Centre, Phase 2, 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	n.a.	1 year commencing from June 1, 2013	Parking space	Players Pictures Co., Ltd.	HK$2,800
Carpark No.74-75, 2/F Wyler Centre, Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	n.a.	1 year commencing from November 1, 2013	Parking space	Tai Tung Hing Kee Textile Co., Ltd.	HK$4,800

Location	Gross area (sq.ft.)	Tenure	Use	Lessor	Monthly rental
No.300 and No.305, Mini Storage, 3/F, Lee Chung Industrial Building, 7 Tsat Po Street, San Po Kong, Kowloon, Hong Kong	n.a.	March 1, 2013 to March 14, 2015	Document Storage	Sky Storage (HK) Ltd.	HK$12,500
Units 3603-3605, Xinde Building, No.246 Zhongshansi Road, Yuexiu District, Guangzhou, Guangdong Province, PRC	2,410.3	3 years commencing from July 15, 2012	Office	Guangzhou Shun Tak Real Estate Co., Ltd.	RMB19,034 (July 15, 2012 - July 14, 2014) RMB20,176 (July 15, 2014 - July 14, 2015)
Unit 1810, Lixin Plaza, No.90 Hubin South Road, Siming District, Xiamen City, Fujian Province, PRC	2,306.2	3 years commencing from March 1, 2012	Office	Yijia Lin	RMB18,211
Unit 503, No.11, Lane 98, Baiyu Road, Putuo District, Shanghai, PRC	1,278.1	1 year commencing from February 21, 2013	Residential	Yunan Bao	RMB7,200
Unit B, 5/F, Building 16, No. 69 Xiya Road, Waigaoqiao Free Trade Zone, Shanghai, PRC	12,313.9	3 years commencing from May 15, 2011	Warehouse	Shanghai Waigaoqiao Free Trade Zone Sanlian Development Co., Limited	RMB31,460
Unit 302, Building 2, No.1501 Jinsui Road, Pudong New District, Shanghai, PRC[(1)]	1,963.6	2 years commencing from November 16, 2012	Warehouse	Shuopu Module (Shanghai) Co., Limited	RMB6,381
Unit B602, No. 12 Hong Kong Middle Road, Shinan District, Qingdao, Shandong Province, PRC	1,859.3	August 15, 2013 to August 14, 2016	Office	Qiaoyu Niu	RMB16,902

Location	Gross area (sq.ft.)	Tenure	Use	Lessor	Monthly rental
Unit 2201B, Oasis Hotel, No. 99 Zhonglieci West Street, Qingyang District, Chengdu, Sichuan Province, PRC(1)	1,113.5	1 year commencing from April 1, 2013	Office	Sichuan Oasis Hotel Co., Limited	RMB7,759
Unit 1503, Block A, Digital Building, No. 2 Zhongguancun South Street, Haidian District, Beijing, PRC(1)	1,735.5	3 years commencing from January 1, 2011	Office	Rongmin Lin	RMB21,500
Unit 1505, Block A, Digital Building, No. 2 Zhongguancun South Street, Haidian District, Beijing, PRC	1,480.4	3 years commencing from January 1, 2011	Office	Longrong Yang	RMB18,280
Unit 11, 21/F, Block A, Guanggu Central Garden, Wuhan, Hubei Province, PRC(1)	637.0	3 years commencing from January 1, 2011	Office	Fengnian Gao	RMB2,800
2/F and four carpark spaces, No.77 Zhouzi Street, Neihu District, Taipei, Taiwan	7,254.7	2 years commencing from February 1, 2012	Office	Xueling Lin	NT$246,462
Units 1901-10, 19/F, APEC Plaza, 49 Hoi Yuen Road, Kwun Tong, Hong Kong	9,918.0	3 years commencing from November 16, 2011	Industrial	Jugada Co., Ltd.	HK$112,073
Units 2001-05, 20/F, APEC Plaza, 49 Hoi Yuen Road, Kwun Tong, Hong Kong	4,737.0	3 years commencing from November 16, 2011	Industrial and ancillary office	Jugada Co., Ltd.	HK$53,528

Location	Gross area (sq.ft.)	Tenure	Use	Lessor	Monthly rental
Units 106-107, Block B8, Tianfu Software Zone, No. 801, Middle Section, Tianfu Road, High-tech District, Chengdu, Sichuan Province, PRC	1,921.7	2 years commencing from November 30, 2011	Office	Chendu Gaoxin Real Property Co., Limited	RMB7,141.2
Unit 801, East Tower, Yihua Building, Zhongshansan Road, Eastern District, Zhongshan, Guangdong Province, PRC	1,277.8	3 years commencing from August 1, 2012	Office	Zhongshan Yongde Real Estate Development Co., Limited	RMB2,701 (August 1, 2012 - July 31, 2013) RMB3,056 (August 1, 2013 - July 31, 2015)
Units K and L, 14/F, Jinyun Century Building, Southeast Juncture of Shennanzhong Road and Guangshen Highway, Futian District, Shenzhen, Guangdong Province, PRC	3,427.1	August 11, 2012 to December 31, 2017	Office	Willas-Array Electronics (Shenzhen) Limited	RMB38,206.8
Unit 1, Huolibao Warehouse, No. 11 Xinxi Road, Songpingshan, North Science & Technology Zone, Nanshan District, Shenzhen, Guangdong Province, PRC[(1)]	21.5 and the actual rental space is calculated as of the first day of each month	February 1, 2013 to February 1, 2015	Warehouse	Shenzhen Dingfengshengye Supply Chain Management Co., Limited	Rent is calculated based on the actual rental space as of the first day of each month
Unit 2903, Block A Zhongshen Garden, Caitian South Road, Futian District, Shenzhen, Guangdong Province, PRC	943.5	August 22, 2013 to September 21, 2015	Office	Zhou Zhuang and Guanghuo Zhuang	RMB7,275 (September 22, 2013 - September 21, 2014) RMB7,638 (September 22, 2014 - September 21, 2015)

Location	Gross area (sq.ft.)	Tenure	Use	Lessor	Monthly rental
Unit 2905, Block A Zhongshen Garden, Caitian South Road, Futian District, Shenzhen, Guangdong Province, PRC	2,374.7	August 22, 2013 to September 21, 2015	Office	Zhou Zhuang and Guanghuo Zhuang	RMB18,311.5 (September 22, 2013 - September 21, 2014) RMB19,227 (September 22, 2014 - September 21, 2015)

Note:

(1) The lessors of these leased properties have not provided us with the relevant title ownership certificates or documents evidencing that they have the requisite titles or rights to lease the properties to us. These properties accounted for approximately 3.3% of the total floor area of our owned and leased properties. We believe that none of these leased properties are individually or collectively material or critical to our business and they can, if necessary, be replaced by other comparable alternative premises without any material adverse effect on our business, financial condition and results of operations. If we are compelled to relocate from these properties, the relocation is expected to take approximately 30 days and cost approximately RMB0.4 million, which is not expected to have any material adverse effect on our business, financial condition or results of operations.

OTHER CERTIFICATES, PERMITS AND REGISTRATION

As advised by our legal advisers and confirmed by our Directors and subject to the items set out in the sub-section headed "— Historical Non-compliances" in this section, during the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, we have (i) obtained all material licenses, permits or certificates necessary to conduct our business in all the relevant jurisdictions; (ii) complied in our operations with all relevant laws and regulations of the applicable jurisdictions and the terms and conditions set out in the relevant approvals or licenses granted to us in all material aspects; and (iii) complied in all material aspects with the labor laws and environmental laws in all relevant jurisdictions. We have not granted any loans to our operating subsidiaries in the PRC and will register with SAFE for any loans which we will grant to our operating subsidiaries in the PRC, if any, in the future. We have registered with the SAFE Shanghai branch office ESOS II. The registration of ESOS III with SAFE will be undertaken and is expected to be completed within three months after the ESOS III becomes effective upon our Listing on the Main Board of the Stock Exchange or our Company's decision not to proceed with the Listing.

LEGAL COMPLIANCE AND PROCEEDINGS

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our business, financial condition or results of operations.

HISTORICAL NON-COMPLIANCES

The following table sets forth a summary of our non-compliance incidents during the three financial years ended March 31, 2013, and up to the Latest Practicable Date.

Non-compliance incidents	Reasons for non-compliance incidents	Potential maximum penalty	Rectification actions taken and status of past non-compliance incidents	Seriousness of non-compliance incidents
Non-registration of lease agreements Eight of the lease agreements of our leased properties in the PRC have not been registered with the relevant PRC governmental authorities.	Due to our lack of comprehensive understanding of the PRC land laws and regulations in the past, we were not aware of the requirement for lessors to register the relevant lease agreements with the relevant PRC governmental authorities.	A fine of up to RMB10,000 for the non-registration of each lease agreement if the lessors and we cannot rectify such non-compliance within a prescribed time as required by the relevant authorities. With eight non-registered lease agreements, a total fine of up to RMB80,000.	We have sent and will continue to send out reminders to the lessors of the relevant leased properties to request them to complete the filing and registration procedures, however as we have no control of our lessors, we cannot estimate the time it will take for our lessors to complete the filing and registration procedures.	We believe that none of these leased properties are individually or collectively, material or critical to our business and they can, if necessary, be replaced by other comparable alternative premises at comparable rental prices and without any material adverse effect on our business, financial condition and results of operations.
Non-compliance with the rules of ESOS II and Rule 853 regarding issuance of stock options to an associate of our Controlling Shareholder 966,000 options were granted to an employee of our Group who is an associate of our Controlling Shareholder (as defined under the Singapore Listing Manual), Leung Chun Wah, which was in contravention of the rules of the ESOS II and without adherence to the additional procedural requirements prescribed by Rule 853.	Due to the oversight of the committee comprising our Directors which was authorized and appointed by the Board to administer the ESOS II, the options were inadvertently granted to the associate of Leung Chun Wah, who had been employed by our Company on the basis of his work experience and education qualifications, and had been treated as an employee since the commencement of his employment by our Company.	We have announced details of the erroneous grant of options to Leung Chi Hang, Daniel, an associate of our Controlling Shareholder, Leung Chun Wah, and the rectification actions that we have undertaken on May 21, 2013 on the SGX-ST. As of the Latest Practicable Date, we have not received any responses from the SGX-ST regarding the potential legal consequences or penalty concerning our erroneous grant of options to Leung Chi Hang, Daniel.	We have cancelled all outstanding options held by the associate of our Controlling Shareholder, Leung Chun Wah, as a result of the erroneous grant, by way of a deed entered into by our Company and the associate of our Controlling Shareholder, Leung Chun Wah, acknowledging the rescission of the agreement between them relating to the options granted. We have put in place additional procedures to tighten our internal controls over the grant of options under our employee share option schemes to ensure that such lapses will not recur.	No material impact on our financial condition and results of operations.

Non-compliance incidents	Reasons for non-compliance incidents	Potential maximum penalty	Rectification actions taken and status of past non-compliance incidents	Seriousness of non-compliance incidents
Non-compliance with the Companies Ordinance All of our subsidiaries incorporated in Hong Kong have historically failed to lay audited accounts within the time frame specified by the Companies Ordinance before their respective annual general meetings in certain year(s) during the period from 1992 to 2012 and hence failed to fully comply with the requirements under section 122 of the Companies Ordinance, and among these subsidiaries, three of them have also historically failed to hold their respective first annual general meetings within 18 months from their respective incorporation, and hence failed to fully comply with the requirements under section 111 of the Companies Ordinance.	Inadvertent oversight by the directors of the respective non-compliant subsidiaries, who were not familiar with the detailed statutory requirements under the Companies Ordinance and were not alerted to the need to prepare timely accounts and/or hold an annual general meeting.	The maximum penalty which may be imposed on us and our officer for non-compliance incidents under section 111 of the Companies Ordinance is a fine of up to HKD50,000. The maximum penalty which may be imposed on our Directors for non-compliance incidents under section 122 of the Companies Ordinance is a fine of up to HKD300,000 and if in the opinion of the court, our Directors committed the non-compliance incidents willfully, an imprisonment of up to 12 months.	Each of the non-compliant subsidiaries has filed an application with the Court to seek relief under section 122(1B) and/or section 111(2) of the Companies Ordinance and to comply with the relevant law and the Court allowed the applications on November 5, 2013. The non-compliance incidents have been rectified.	No material impact on our financial condition and results of operations.

We set out below details of the specific non-compliance matters during the three financial years ended March 31, 2013, and up to the Latest Practicable Date. These include information relating to the non-compliance, the legal consequence, amount of provisions if made (and reasons if not), the potential maximum penalties and other potential financial losses we are exposed to, and the number and type of properties involved in each of the non-compliance.

Non-registration of Lease Agreements of Our Leased Properties in the PRC

Description of Non-compliant Properties

As of the Latest Practicable Date, eight of the lease agreements of our leased properties in the PRC with a total floor area of 20,543.5 sq.ft. have not been registered with the relevant PRC governmental authorities, details of which are set out below. These non-compliant properties accounted for approximately 12.3% of the total floor area of our owned and leased properties.

Location	Gross area	Tenure	Use	Lessor	Monthly rental
	(sq.ft.)				
Unit 503, No.11, Lane 98, Baiyu Road, Putuo District, Shanghai, PRC	1,278.1	1 year commencing from February 21, 2013	Residential	Yunan Bao	RMB7,200
Unit B, 5/F, Building 16, No. 69 Xiya Road, Waigaoqiao Free Trade Zone, Shanghai, PRC	12,313.9	3 years commencing from May 15, 2011	Warehouse	Shanghai Waigaoqiao Free Trade Zone Sanlian Development Co., Limited	RMB31,460
Unit 302, Building 2, No. 1501 Jinsui Road, Pudong District, Shanghai, PRC	1,963.6	2 years commencing from November 16, 2012	Warehouse	Shuopu Module (Shanghai) Co., Limited	RMB6,381
Unit 2201B, Oasis Hotel, No. 99 Zhonglieci West Street, Qingyang District, Chengdu, Sichuan Province, PRC	1,113.5	1 year commencing from April 1, 2013	Office	Sichuan Oasis Hotel Co., Limited	RMB7,759
Unit 1503, Block A, Digital Building, No. 2 Zhongguancun South Street, Haidian District, Beijing, PRC	1,735.5	3 years commencing from January 1, 2011	Office	Rongmin Lin	RMB21,500

Location	Gross area	Tenure	Use	Lessor	Monthly rental
	(sq.ft.)				
Unit 1505, Block A, Digital Building, No. 2 Zhongguancun South Street, Haidian District, Beijing, PRC	1,480.4	3 years commencing from January 1, 2011	Office	Longrong Yang	RMB18,280
Unit 11, 21/F, Block A, Guanggu Central Garden, Wuhan, Hubei Province, PRC	637.0	3 years commencing from January 1, 2011	Office	Fengnian Gao	RMB2,800
Unit 1, Huolibao Warehouse, No.11 Shanxin West Street, Beisongping, Science and Technology Park, Nanshan District, Shenzhen, Guangdong Province, PRC	21.5 and the actual space is calculated as of the first day of each month	February 1, 2013 to February 1, 2015	Warehouse	Shenzhen Dingfengshengye Supply Chain Management Co., Limited	Rent is calculated based on the actual rental space as of the first day of each month

Reasons for Non-compliance

Due to our lack of comprehensive understanding of the PRC land laws and regulations in the past, we were not aware of the requirement for lessors to register the relevant lease agreements with the appropriate PRC governmental authorities. Ever since we became aware of the requirement for lessors to register the relevant lease agreements with the appropriate PRC governmental authorities, we have attempted to follow up with the lessors to complete the registration of the lease agreements. Nonetheless, some of these lessors have yet to complete the requisite registration procedures.

Legal Consequences and Maximum Penalty

According to the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法) and the Administrative Measures for Commercial Housing Lease (商品房屋租賃管理辦法), the relevant parties that enter into a lease agreement without due registration with the appropriate local authorities could be subject to a penalty of not more than RMB10,000 if they fail to rectify their failure of registration within a specified time. Since such PRC laws and regulations do not explicitly specify the responsible party for such registration, our subsidiaries that are parties to these unregistered lease agreements could be subject to such penalties resulting from such non-compliance.

While we are the lessee of the eight non-registered lease agreements, the total maximum fine we could be subject to is only RMB80,000. Notwithstanding the fine we might be subject to, as advised by our PRC legal adviser, a failure to register a lease agreement will not invalidate the lease agreement. Since we have been lawfully using and occupying the premises pursuant to the respective lease agreements, our PRC legal adviser has advised us that our rights as lessee would take precedence over any lessee under a subsequently registered lease agreement.

Rectification Actions Taken and Status (as of the Latest Practicable Date)

We have sent and will continue to send out reminders to our lessors of the relevant properties to request them to complete the relevant filing and registration procedures, however as we have no control of our lessors, we cannot estimate the time it will take for our lessors to complete the filing and registration procedure. If any of the aforesaid lessors still fails to do so upon expiry of the relevant lease agreement, we would consider relocating to an alternative site and ensure that the relevant filing and registration procedures are complied with. We believe that none of these leased properties are individually or collectively, material or critical to our business and they can, if necessary, be replaced by other comparable alternative premises at comparable rental prices and without any material adverse effect on our business, financial condition and results of operations. If we are compelled to relocate from these properties, the relocation is expected to take approximately 30 days and cost approximately RMB0.8 million, which is not expected to have any material adverse effect on our business, financial condition or results of operations. Therefore, our Directors consider such fines to be immaterial and our Reporting Accountants, Deloitte Touche Tohmatsu, concur with our Directors that the potential fines are not material to our financial statements. Accordingly, no provision for the fines has been made by our Directors for the preparation of our financial statements.

Indemnity by Our Substantial Shareholders

Global Success and Leung Chun Wah, have agreed to indemnify us against any fines and penalties we might incur due to the non-registration of the lease agreements of our leased properties in the PRC.

Issuance of Stock Options to an Associate of Our Controlling Shareholder

Description of Non-compliance

On October 2, 2009, we made offers under the ESOS II to issue options to several of our employees, including Leung Chi Hang, Daniel, to recognize their contributions to our Group. Options to subscribe for 966,000 Shares at S$0.067 were granted to Leung Chi Hang, Daniel, who is the son of Leung Chun Wah, our Chairman and a Controlling Shareholder of our Company. Leung Chi Hang, Daniel is therefore an associate of a Controlling Shareholder as defined in the Singapore Listing Manual. The grant of options to Leung Chi Hang, Daniel, was in contravention of the rules of the ESOS II (which did not permit the participation of Controlling Shareholders of our Company and associates of such persons) and without adherence to the additional procedural requirements prescribed by Rule 853. None of the options granted to Leung Chi Hang, Daniel, under the ESOS II have been exercised.

In March 2013, we published an announcement on the SGX-ST's website regarding our intention to seek a dual primary listing on the Main Board of the Stock Exchange. The Listing exercise involved the amendment of the Bye-laws and the adoption of a Chinese name as our secondary name. As we contemplated to seek a dual primary listing on the Main Board of the Stock Exchange, accordingly, we were required to seek Shareholders' approvals for matters relating to such proposal as well as the approvals for the adoption of a share buy-back mandate and ESOS III at a special general meeting. During the course of preparing the Shareholders' circular in respect of the aforesaid corporate exercises, we realized that the grants of the options to Leung Chi Hang, Daniel were neither authorized by the rules of the ESOS II nor were they granted in accordance with the relevant rules in the Singapore Listing Manual.

Reasons for Non-compliance

On September 1, 2008, Leung Chi Hang, Daniel was employed as the general manager for information technology and logistics on the basis of his working experience and his educational qualifications and he acts independently of Leung Chun Wah at all times. Accordingly, Leung Chi Hang, Daniel has been treated as an employee of our Group since the commencement of his employment with our Group and it was overlooked by the committee administering the scheme which comprised of Leung Chun Wah, Kwok Chan Cheung and Hung Yuk Choy and the Board that he was an associate of Leung Chun Wah. Leung Chi Hang, Daniel received his bachelor's degree and master's degree in business administration from The Ohio State University.

Legal Consequences and Maximum Penalty

The Singapore Listing Manual does not specifically prescribe any consequence or penalty for breaching its Rule 853. However, the Singapore Listing Manual is interpreted, administered and enforced solely by the SGX-ST. Pursuant to Rule 720(4) of the Singapore Listing Manual, if the SGX-ST is of the opinion that a director or key executive officer of an issuer has willfully contravened or willfully caused the issuer to breach any rule contained in the Singapore Listing Manual, the SGX-ST may take the necessary actions including, but not limited to, (a) publishing on the website of the SGX-ST the name of the individual director or key executive officer with relevant information about the contravention, and (b) objecting to the appointments of the individual director or key executive officer to the board of directors of other issuers. Further, the SGX-ST may at any time suspend the trading of the listed securities of an issuer and remove an issuer from its official list (without the issuer's agreement) where the issuer contravenes any rule contained in the Singapore Listing Manual pursuant to Rules 1303(4) and 1305(1) of the Singapore Listing Manual, respectively. The decisions and requirements of the SGX-ST, pursuant to Rule 105(1) of the Singapore Listing Manual, are conclusive and binding on an issuer. The SGX-ST may also at any time vary its decision in any way or revoke it, and it may do so upon the application of the issuer or of its own accord and at its absolute discretion. Such variation or revocation will take effect from the date specified by the SGX-ST. Under paragraph 4.6 of Practice Note 1.2 of the Singapore Listing Manual on Oversight of Issuers, remedial action may also be taken against issuers for an omission, false or misleading disclosure, or non-compliance with the Singapore Listing Manual.

We have announced details of the erroneous grant of options to Leung Chi Hang, Daniel, and the rectification actions that we have undertaken on May 21, 2013 on the SGX-ST. As of the Latest Practicable Date, our Directors are not aware of any investigation in Singapore in connection with our erroneous grant of options to Leung Chi Hang, Daniel. We also have not received any notice of penalty or investigation from the SGX-ST or any other regulatory bodies or governmental authorities in Singapore, and we are not otherwise aware that any investigation has been or will be conducted against us in the same regard. None of our Directors or senior management has been reprimanded or penalized by the SGX-ST.

Rectification Actions Taken and Status (as of the Latest Practicable Date)

Outstanding Options

We have cancelled all outstanding options held by Leung Chi Hang, Daniel by way of a deed entered into by our Company and Leung Chi Hang, Daniel on May 21, 2013 acknowledging the rescission of the agreement between them relating to the options with neither party having any rights against the other in respect thereof. Since none of the options granted to Leung Chi Hang, Daniel have been exercised, no provision for these options issued to Leung Chi Hang, Daniel has been made by our Directors for the preparation of our financial statements.

Specific Internal Control Measures

We have put in place additional procedures in September 2013 to tighten our internal controls over the grant of options under our employee share option schemes to ensure that such lapses will not recur. In particular, we have implemented the following procedures:

(a) maintaining a register of our Substantial Shareholders based on the disclosure of interest notifications received by our Company;

(b) seeking a confirmation from any person to whom an offer is made that such person is not an associate of any of our Controlling Shareholders; and

(c) if it is contemplated that an offer of options might be made to a person who is an associate of a Controlling Shareholder and such person or the relevant Controlling Shareholder is a member of the committee, that member of the committee must abstain from making any decisions on the offer or grant of options to himself or his associate, as the case may be.

In addition to the above procedures, we will, from time to time, seek advice from legal advisers to ensure compliance with relevant rules and regulations should there appear to be a possible uncertainty or conflict when we offer any options. Our Directors believe that the above procedures will enable us to strengthen our internal control over the grant of options under our employee share option schemes to ensure our ongoing compliance with the relevant rules and regulations.

Our Directors involved in the committee administering the ESOS II (the "Stock Option Committee") confirmed that such non-compliance incident was unintended, wholly inadvertent and caused by mere oversight. At the time of the grant of options to some of our employees (including Leung Chi Hang, Daniel) in October 2009, the Stock Option Committee had focused on evaluating the performance of the relevant employees to whom offers of options were made and the contributions of such employees to the performance of our Group. The grants were, *inter alia*, to recognize their contributions. Leung Chi Hang, Daniel was employed on the basis of his work experience and educational qualifications and he acts independently of Leung Chun Wah at all times. Accordingly, Leung Chi Hang, Daniel has been treated as an employee of our Group since the commencement of his employment by our Group and it was overlooked by the Stock Option Committee and the Board that he was an associate of Leung Chun Wah.

In light of the circumstances leading to the breach and considering that (i) as confirmed by our Directors, the relevant Directors of the Stock Option Committee have a strong track record of compliance with no history of non-compliance/breach of the Singapore Listing Manual or the rules of the ESOS I or ESOS II since the listing of our Company on the main board of the SGX-ST in 2001; (ii) our Directors have taken immediate remedial actions to notify the SGX-ST, announced the details of such erroneous grant of options on the website of the SGX-ST and cancelled all outstanding options held by Leung Chi Hang, Daniel; and (iii) we have implemented specific internal control procedures in September 2013 to strengthen our internal control over the grant of options under our employee share option schemes to ensure that such lapses will not recur, and after discussions with our Company's internal control consultant which has provided recommendations in relation to the grant of employee share options, our Directors and our Sole Sponsor are of the view that such non-compliance incident does not have a material impact on the competence of our Directors of the Stock Option Committee, and the additional internal control measures taken in response to the grant of options under our employee share option schemes are reasonably adequate and effective.

Failure to Fully Comply with the Companies Ordinance by Certain of Our Subsidiaries

Description of Non-compliance

All of our subsidiaries incorporated in Hong Kong have historically failed to lay audited accounts within the time frame specified by the Companies Ordinance before their respective annual general meetings in certain year(s) during the period from 1992 to 2012 and hence failed to fully comply with the requirements under section 122 of the Companies Ordinance, and among these subsidiaries, three of them have also historically failed to hold their respective first annual general meetings within 18 months from their respective incorporation, and hence failed to fully comply with the requirements under section 111 of the Companies Ordinance.

Reasons for Non-compliance

The non-compliance incidents described above concerning our subsidiaries incorporated in Hong Kong were primarily due to the directors of the abovementioned respective subsidiaries, not familiar with the detailed statutory requirements under the Companies Ordinance and were not alerted to the need to laying audited accounts at the annual general meeting and/or hold an annual general meeting.

Rectification Actions Taken and Status and Legal Consequences

The maximum penalty which may be imposed on us and our officers for non-compliance incidents under section 111 of the Companies Ordinance is a fine of up to HKD50,000. The maximum penalty which may be imposed on our Directors for non-compliance incidents under section 122 of the Companies Ordinance is a fine of up to HKD300,000 and if in the opinion of the court, our Directors committed the non-compliance incidents willfully, an imprisonment of up to 12 months. To rectify the non-compliance incidents as described above, on June 18, 2013 and June 20, 2013, each of these non-compliant subsidiaries has filed an application with the Court to seek relief under section 122(1B) and/or section 111(2), as the case may be, of the Companies Ordinance and to comply with the relevant law.

The Court allowed the applications and by a court order (the "**Order**") to each of these non-compliant subsidiaries dated November 5, 2013 ordering that (i) leave be granted to substitute the requirement in section 122(1) and (2) of the Companies Ordinance to lay the relevant audited accounts before the respective subsidiaries at their respective annual general meetings with respect to the period(s) concerned with a requirement to lay such accounts before the respective subsidiaries at their respective subsequent annual general meetings; and (ii) leave be granted to extend the time for convening the annual general meetings of the relevant non-compliant subsidiaries for the relevant year(s) pursuant to Section 111(2) and (3) of the Companies Ordinance.

With the Orders granted by the Court pursuant to the Companies Ordinance and these subsidiaries' fulfillment of the requirements of their respective Order, the non-compliance incidents have been rectified. No legal penalty, fine or sanctions have been imposed on these subsidiaries or any of their respective directors in relation to the non-compliance incidents.

The non-compliant subsidiaries have been handled by our company secretarial service provider since 1992. Upon the appointment of Leung Hon Shing as our company secretary in 2006, the company secretarial matters in respect of our Company has been handled by Leung Hon Shing whilst those for all our subsidiaries have been handled by our company secretarial service provider. Going forward, as preventive measures, the board of directors of each of these non-compliant subsidiaries will work closely with its auditors and company secretary to ensure compliance with the statutory requirements under the Companies Ordinance. Monthly management meetings will be held to review their respective affairs, including, but not limited to, compliance matters.

Considering that (i) we have engaged a professional and reputable company secretarial service provider which is familiar with the company secretarial affairs of our Hong Kong subsidiaries; (ii) Leung Hon Shing and the directors of the respective non-compliant subsidiaries were not alerted to the breach of the Companies Ordinance at the relevant time of the non-compliance incidents; and (iii) following the discovery of the breaches, Leung Hon Shing has immediately followed up on the incidents with the company secretarial service provider to understand the reasons of the breaches, liaised with our Company's Hong Kong legal advisors to take all necessary rectification actions and discussed with our Sponsor for various mitigating measures to prevent the reoccurrence of the same non-compliance incidents, our Directors and our Sponsor are of the view that Leung Hon Shing is competent and suitable as our company secretary.

Considering the long term relationship with the company secretarial service provider who is familiar with the company secretarial affairs of our Hong Kong subsidiaries and the overall quality of services it provided to us in the past years, and that it will devote more resources to our Hong Kong subsidiaries to ensure no repetition of similar non-compliance we have continued engaging this company secretarial service provider to handle the company secretarial matters of our Hong Kong subsidiaries. We made no claim against the company secretarial service provider in connection with the above non-compliance incidents having considered (i) the substantial resources that we have to commit in making a claim; (ii) the uncertainty of outcome in the legal proceedings; and (iii) the fact that the damages incurred by us as a result of such non-compliance incidents are not substantial.

Measures to Ensure Future Compliance

RSM Nelson Wheeler Consulting Limited, an internal control consultant, has conducted an internal control review on our Group's entity level controls and process level controls, taking into account of our historical non-compliances, in March 2013. In respect of the control environment, one of the findings pointed out by the internal control consultant was that our Company has not yet established a compliance manual in connection with complying with the Listing Rules and other relevant regulatory requirements upon Listing, and there are no policies and procedures to ensure compliance with the Listing Rules and other relevant regulatory requirements upon Listing. The internal control consultant had, therefore, recommended our Company to establish a comprehensive compliance manual as a part of our Listing preparation.

Our internal control consultant has performed a follow-up review on our controls in July 2013 and confirmed we have adopted the comments/recommendations from our internal control consultant as of the Latest Practicable Date. As of the Latest Practicable Date, we have established a compliance manual which sets out the key processes, systems and measures, and certain policies and procedures to be applied for compliance with the Hong Kong Listing Rules and other relevant legal requirements upon Listing, including but not limited to the continuing obligations of our Company and our Directors after the Listing, procedures on registration of PRC lease agreements and controls on the compliance with sections 111 and 122 of the Companies Ordinance.

Set out below is a summary of the key measures recommended by our internal control consultant and adopted by our Group in relation to the non-compliance incidents:

Registration of Lease Agreements of Our Leased Properties in the PRC

(a) Our administration department has to obtain the title ownership documents evidencing the identities of the lessors before entering into the PRC lease agreements. After signing the PRC lease agreements, our administration department shall proceed to register the lease agreements with relevant PRC governmental authorities within a reasonable period, usually one month.

(b) Our accounting staff will maintain a monthly updated list of all lease agreements with date of lease and date of registration, which will be reviewed by our senior accounting manager and our financial controller. If any non-compliance incidents occurs, our accounting department will follow up with our administration department to rectify such non-compliance incident.

(c) For our existing PRC lease agreements that have not been registered, we have sent and will continue to send out reminders to our lessors of the relevant properties to request them to complete the relevant filing and registration procedures. If any of the aforesaid lessors still fails to do so upon expiry of the relevant lease agreement, we would consider relocating to an alternative site and ensure that the relevant filing and registration procedures are complied with.

Issuance of Stock Options

(a) Please refer to the sub-section headed " — Historical Non-compliances — Issuance of Stock Options to an Associate of Our Controlling Shareholder — Rectification Actions Taken and Status (as of the Latest Practicable Date) — Specific Internal Control Measures" above in this section.

Compliance with Sections 111 and 122 of the Companies Ordinance

(a) Regarding holding annual general meetings and laying audited accounts before annual general meetings for our Hong Kong subsidiaries, our Company will work closely with our company secretarial service provider to ensure compliance with the relevant provisions of the Companies Ordinance.

(b) A checklist will be prepared and updated from time to time to record the details of all our Hong Kong subsidiaries, such as incorporation date, date of last annual general meeting and date of audited accounts. The checklist will be reviewed by our financial controller. Our secretary and financial controller will keep monitoring the date of the next annual general meeting. At least two months before the deadline for holding the next annual general meeting, the secretary has to liaise with the company secretarial service provider and notify our accounting manager to contact the relevant auditors so as to ensure there is sufficient time to prepare the audited accounts to be laid before the annual general meeting.

Apart from the above measures, to enhance the effectiveness of our corporate governance measures and to strengthen our monitoring and internal control system, we have adopted/will adopt the following measures to ensure ongoing compliance with all applicable laws and regulations after our Company is listed on the Main Board of the Stock Exchange:

(a) We established the Compliance Committee comprising of three Independent non-executive Directors, namely, Mr. Iu Po Chan, Eugene, Mr. Jovenal R. Santiago and Mr. Wong Kwan Seng, Robert, and chaired by Mr. Iu Po Chan, Eugene on November 14, 2013, to oversee all regulatory and accounts-related compliance matters and corporate governance requirements. The primary functions of our Compliance Committee include, among others,

reviewing and making recommendations to our Board in respect of our policies and practices on compliance with any requirement, direction or regulation that may be prescribed by our Board, contained in any of our constitutional documents, or imposed by the Hong Kong Listing Rules or other applicable laws, regulations, rules or codes; and ensuring that appropriate monitoring systems are in place to ensure compliance with the relevant internal control systems, processes and policies; and monitoring the implementation of our plan to maintain high standards of compliance with our own risk management standards.

(b) In order to further ensure our compliance with relevant statutory requirements, we will engage external professional advisers, such as authorized person, company secretary companies, consultancy firms, auditors and external legal advisers to render professional advice as to comply with statutory requirements (including the Companies Ordinance, PRC rules and regulations, Singapore Listing Manual and the Hong Kong Listing Rules) as applicable to our Group from time to time, to prevent any recurrence of any similar non-compliance with the Companies Ordinance and non-compliance in relation to the Singapore Listing Manual.

(c) We have appointed Octal Capital Limited as our compliance adviser upon Listing to advise our Company on compliance matters in accordance with Rule 3A.19 of the Hong Kong Listing Rules.

(d) We have appointed RSM Nelson Wheeler Consulting Limited, an independent internal control adviser, to perform a detailed evaluation of the design, implementation and effectiveness of our internal control procedures and make recommendations as a result of their evaluation and an annual review of our Group's internal control will be conducted.

(e) Our Directors and our company secretary and other senior management have attended training sessions conducted by our Hong Kong legal advisers on, among other things, ongoing obligations, general corporate governance requirements, the duties and responsibilities of directors of a company whose shares are listed on the Stock Exchange under applicable laws, rules and regulations, including but not limited to the Hong Kong Listing Rules and Companies Ordinance. Our Directors have provided confirmation in writing in relation to their understanding of their duties under the Hong Kong Listing Rules and other applicable laws and regulations.

(f) We will provide our Directors, senior management and employees involved with training, development programs and/or updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time on a regular basis.

(g) We will, from time to time, engage external legal advisers and seek legal advice on our legal matters relating to our Group.

RSM Nelson Wheeler Consulting Limited is of the view that the internal control measures in place in response to the above non-compliance incidents are adequate and we have implemented the enhanced measures to RSM Nelson Wheeler Consulting Limited's satisfaction.

The historical non-compliance incidents were mainly due to the inadvertent oversight of our Directors or a lack of comprehensive understanding of the relevant Hong Kong, PRC or Singapore laws and regulations in the past. Considering that (i) as confirmed by our Directors, the non-compliance incidents as disclosed above were unintended and wholly inadvertent; (ii) the legal consequences and penalties of such non-compliance incidents were not material; (iii) our Company had taken remedial actions as disclosed in the paragraph above; and (iv) our Company has adopted various mitigating measures to ensure future compliance with such rules and regulations, our Directors and our Sponsor are of the view that such incidents of non-compliance do not constitute a material adverse factor concerning the suitability of our Directors and our Company's suitability for Listing under Rules 3.08 and 3.09 of the Hong Kong Listing Rules. Our Directors and our Sponsor are of the view that the measures taken in response to the significant weaknesses identified above are adequate and effective to enhance the internal control of our Group.

BOARD OF DIRECTORS

Our Board is entrusted with the responsibility for our overall management. Our Board currently consists of seven Directors, three of whom are Independent Non-executive Directors. The table below sets out certain information in respect of our Directors:

Name	Age	Position	Appointment Date	Major Responsibilities
Leung Chun Wah.....	64	Chairman and Executive Director	January 1, 2001	Determine our overall strategies and direction
Kwok Chan Cheung..	65	Deputy chairman; managing Director and Executive Director	January 1, 2001	Oversee our sales and marketing activities and determine our sales and marketing strategy
Hung Yuk Choy.....	64	Deputy managing Director and Executive Director	January 1, 2001	Responsible for our information technology department and our logistics department
Hon Kar Chun	50	Executive Director	June 28, 2013	Responsible for our sales and marketing
Jovenal R. Santiago..	76	Independent Non-executive Director	June 14, 2001	Chairman of the Audit Committee; member of the Nomination Committee, Remuneration Committee and Compliance Committee; provides strategic advice and independent judgment to the Board
Wong Kwan Seng, Robert.....	56	Independent Non-executive Director	June 14, 2001	Chairman of the Nomination Committee; member of the Audit Committee, Remuneration Committee and Compliance Committee; provides strategic advice and independent judgment to the Board

Name	Age	Position	Appointment Date	Major Responsibilities
Iu Po Chan, Eugene..	64	Independent Non-executive Director	June 28, 2013	Chairman of the Remuneration Committee and Compliance Committee; member of the Audit Committee and Nomination Committee; provides strategic advice and independent judgment to the Board

EXECUTIVE DIRECTORS

Leung Chun Wah, 64, is our chairman. He is also a director of various subsidiaries of our Group. Mr. Leung was appointed as a Director and our chairman on January 1, 2001 and is responsible for determining our overall strategies and direction. Mr. Leung has more than 30 years of experience in the electronics industry. Mr. Leung was an inspection supervisor/process controller of Stuart Limited from 1967 to 1970 and established Willas Company Limited in 1981. Mr. Leung is also the father of Leung Chi Hang, Daniel, our general manager for information technology and logistics.

Kwok Chan Cheung, 65, is our deputy chairman and managing Director. He is also a director of Global Success and various subsidiaries of our Group. Mr. Kwok established Array Electronics Limited (now known as Willas-Array Electronics (Hong Kong) Limited) (our subsidiary) in 1982. He was appointed as a managing Director on January 1, 2001 and is responsible for overseeing our sales and marketing activities and determining our sales and marketing strategy.

Hung Yuk Choy, 64, is our deputy managing Director. He is also a director of various subsidiaries of our Group. Mr. Hung was appointed as a deputy managing Director on January 1, 2001 and is responsible for overseeing our information technology department and our logistics department. Mr. Hung has over 30 years of experience in the electronics industry. Mr. Hung joined Willas Company Limited (our subsidiary) as a director in 1986. Mr. Hung worked as a buyer for Amcol Electronics Limited in 1972 and as a warehouse leader for Electronic Industry Limited from 1969 to 1971.

Hon Kar Chun, 50, was appointed as an Executive Director on June 28, 2013 and is responsible for developing and managing our sales and marketing operations. He is also a director of ASP Microelectronics Limited and GW Electronics Company Limited. Prior to his appointment as an Executive Director, Mr. Hon was our deputy managing director of sales and marketing. Mr. Hon obtained a bachelor of science degree in physics from the University of Hong Kong in November 1986 and a master's degree in business administration from The Hong Kong University of Science and Technology in November 2000. Mr. Hon joined Array Electronics Limited on August 26, 1986 as a marketing executive and he was the general manager of Willas-Array Singapore (Private) Limited between 2000 and 2001. Mr. Hon became the general manager of a business group of Array Electronics Limited in September 2001. He was subsequently promoted to be the general manager of the central product marketing department of Willas-Array Electronics Management Limited in 2003, which was responsible for most of the semiconductor product lines of Willas-Array Electronics Management Limited. Mr. Hon became our sales director in 2006 and in 2010 he was appointed as our marketing director. He was subsequently promoted to deputy managing director of sales and marketing in 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Jovenal R. Santiago, 76, was appointed as an Independent Non-executive Director on June 14, 2001. He obtained a bachelor of science in commerce degree from the University of Santo Tomas, the Philippines in March 1957 and a master's degree in business administration from New York University, USA in June 1969. Mr. Jovenal R. Santiago is a Certified Public Accountant (Philippines) and has many years of experience in the accounting and auditing profession in Singapore before his retirement in 1998. From 1971 to 1998, he was an audit principal of an international accounting firm in Singapore. He is currently an independent non-executive director of Cosmosteel Holdings Limited (a company listed on the SGX-ST) since 2007.

Wong Kwan Seng, Robert, 56, was appointed as an Independent Non-executive Director on June 14, 2001. He graduated with a bachelor's degree in law from the National University of Singapore in June 1983 and was called to the Singapore bar in 1984. Mr. Wong is a lawyer by profession. He is currently a shareholder and a director of Straits Law Practice LLC. He practices mainly corporate law with a particular emphasis in corporate finance. He is currently a non-executive director of Baker Technology Limited and an independent director of Wee Hur Holdings Limited, both of which are companies listed on the SGX-ST. Mr. Wong was also an independent non-executive director of Darco Water Technologies Limited (a company listed on the SGX-ST) from April 2005 to August 2012.

Iu Po Chan, Eugene, 64, was appointed as an Independent Non-executive Director on June 28, 2013. He obtained a master's degree in banking from City University of Hong Kong in November 2002. Mr. Iu is a fellow of The Chartered Institute of Bankers, England and of The Hong Kong Institute of Bankers. He has over 40 years of experience in commercial banking. Mr. Iu has also held senior positions in various international and local banks in Hong Kong, Shenzhen and Macau until his retirement in 2013. Mr. Iu is also a member of the Professional Standard & Examination Board and the chairman of the Examination Moderating Committee of the Hong Kong Institute of Bankers.

Save as disclosed above and in the sub-section headed "General Information — Further Information about Directors and Shareholders" in Appendix VI to this Listing Document, there is no other information in respect of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (w) of the Hong Kong Listing Rules and there is no other matter that needs to be brought to the attention of our Shareholders.

Phaisalakani Vichai (alias Andy Hung) was our Executive Director and Chief Financial Officer during the three financial years ended March 31, 2013 and until his resignation on June 28, 2013 for reason of retirement as he has reached the retirement age under our Group's retirement policy. The duties of Mr. Hung are now taken up by Hon Kar Chun who was appointed as Executive Director on June 28, 2013 and Leung Hon Shing, our financial controller. Mr. Hung has confirmed that there is no disagreement with the Board and there are no matters which need to be brought to the attention of our Shareholders, the Stock Exchange or SGX-ST in respect of his resignation. Mr. Hung is currently a consultant of our Group.

SENIOR MANAGEMENT

Our senior management executives are responsible for our day-to-day management and operations. The table below sets out certain information in respect of our senior management executives:

Name	Age	Position	Date of Joining Us
Chan Fan Cheong	55	Assistant General Manager — Risk Management	May 6, 2002
Chan Sik Kong	46	Sales Director	October 3, 1991
Cheung Yiu Wing, Teddy	39	Assistant General Manager — Sales, Southern China Region	July 31, 1996
Choi Pik Sing, Derek	45	General Manager — Northern China Region	May 11, 1992
Chu Ki Pun, Joseph	53	Marketing Director — Business Unit 1	August 27, 1985
Chu Man Choi	49	Assistant General Manager — Sales, Southern China Region	April 2, 1990
Ho Hung Kai, James	58	Assistant General Manager — Human Resources	February 3, 1987
Hon Wai Keung	41	Assistant General Manager — Technical Marketing/Field Application	September 1, 2008
Kwan Wing Kin, Samuel	46	General Manager — Central Product Marketing	July 1, 1993
Lam Chi Cheung	53	General Manager — Southern China Region	June 1, 1986
Leung Chi Hang, Daniel	37	General Manager — Information Technology/Logistics	September 1, 2008
Leung Hon Shing	48	Financial Controller and Company Secretary	January 2, 2002
Leung Man Kwong	51	Marketing Director — Business Unit 2	January 5, 1998
Li Rong Qi	53	General Manager — Beijing Office, Northern China Region	December 11, 1992
Or To Ching	54	Assistant General Manager — Information Technology	May 24, 1993
Zhao Hou Min	40	Assistant General Manager — Qingdao Office, Northern China Region	April 1, 2001
Zhu Yi	38	Assistant General Manager — Northern China Region	June 1, 2002

Chan Fan Cheong, 55, is our assistant general manager of risk management and is responsible for establishing our policy and collection procedures, and strengthening our internal control system and risk management. He obtained a master's degree in professional accounting from the Open University of Hong Kong in December 2001. He has been elected as an associate of the Hong Kong Institute of Bankers in 1998. Mr. Chan joined us on May 6, 2002 as an assistant credit control manager and was promoted to credit control manager in 2003, senior credit manager in 2007 and assistant general manager of risk management on January 1, 2012. Prior to joining us, he worked as a credit control officer for Circle International Limited from 1993 to 1999 and a credit manager for Future Electronics (HK) Limited from 2000 to 2001.

Chan Sik Kong, 46, is our sales director and is responsible for overseeing all of our sales activities. Mr. Chan first joined us on October 3, 1991 as a sales engineer for two years. Mr. Chan rejoined us on June 23, 1997 as a marketing manager and he was seconded to work in our Shanghai office from May 2002 to March 2003, where he oversaw our overall operations in the Northern China Region. He was appointed as our general manager in 2006 and our sales director in 2012.

Cheung Yiu Wing, Teddy, 39, is our assistant general manager of sales in the Southern China Region and is responsible for all of our business operations in the Southern China Region. Mr. Cheung joined Willas Company Limited as a sales engineer on July 31, 1996 and he was promoted to assistant product manager and senior sales manager in 2000 and 2007, respectively. He was appointed as our assistant general manager of sales in the Southern China Region in 2012.

Choi Pik Sing, Derek, 45, is our general manager for the Northern China Region and is responsible for all of our business operations in the Northern China Region. He obtained a bachelor's degree in electrical engineering from the University of Ottawa, Canada in May 1991. Mr. Choi joined Array Electronics Limited on May 11, 1992 as a product engineer and was promoted to marketing manager in 1999. In October 2003, Mr. Choi was transferred to northern China and he became our assistant general manager for the Northern China Region. Prior to joining Array Electronics Limited, Mr. Choi worked as a sales engineer for Instrument Agency Hong Kong Ltd. from 1991 to 1992.

Chu Ki Pun, Joseph, 53, is our marketing director and is responsible for overseeing our marketing activities. Mr. Chu has over 25 years of experience in the electronics industry. He joined us on August 27, 1985 as a sales engineer for approximately two years. He rejoined us on January 9, 1989 as our senior sales engineer and was promoted to general manager overseeing both the sales and product marketing activities in 2003. He was our marketing director from 2006 to 2010 and our sales director from 2010 to 2011. He was appointed as our marketing director in 2012.

Chu Man Choi, 49, is our assistant general manager of sales in the Southern China Region and is responsible for all of our business operations in the Southern China Region. He obtained a higher diploma in engineering management from the Hong Kong Institute of Vocational Education in July 2001. Mr. Chu joined Array Electronics Limited as a sales engineer on April 2, 1990 and was promoted to assistant sales manager and to senior sales manager of Willas-Array Electronics (Hong Kong) Limited in 1995 and 2008, respectively. He was appointed as our assistant general manager of sales in the Southern China Region in 2012.

Ho Hung Kai, James, 58, is our assistant general manager of human resources and is responsible for all of our human resources operations, issues and administration affairs. He obtained a bachelor's degree in computer science from the University of Toronto, Canada in June 1984. Mr. Ho has over 15 years of experience in administration and information technology. He joined Willas Company Limited as an assistant administration manager on February 3, 1987 and stayed in this position until 1991. Mr. Ho rejoined us as a business analyst on March 8, 2005 and became human resources manager in November 2005. He was made our assistant general manager of human resources in 2012. Prior to rejoining us, he was the vice president of U-Drive Company Limited from 2001 to 2004.

Hon Wai Keung, 41, is our assistant general manager of technical marketing and field application and is responsible for supervising our technical marketing and field application department. He obtained a bachelor's degree in engineering from The Chinese University of Hong Kong in May 1995. Mr. Hon has over 15 years of experience in the electronics and semiconductor industry. He joined us as a field application manager on September 1, 2008 and was promoted to senior technical manager in 2010 and to assistant general manager of technical marketing and field application in 2012. Prior to joining us, he worked as an application engineer for Protech Components Ltd. from 1995 and was subsequently promoted to assistant general manager of the engineering department in 2006.

Kwan Wing Kin, Samuel, 46, is our general manager of central product marketing and is responsible for all of our product lines for consumer products. He obtained a bachelor's degree in electronics engineering from the City College of The City University of New York, United States in February 1993. Mr. Kwan joined Array Electronics Limited as a product engineer on July 1, 1993 and was promoted to product manager in 2001, to senior product manager in 2006, to assistant general manager of central product marketing in 2008 and to general manager of central product marketing in 2013.

Lam Chi Cheung, 53, is our general manager in the Southern China Region and is responsible for all of our business operations in the Southern China Region. He obtained a higher certificate in electronic engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1985. Mr. Lam first joined us on June 1, 1986 as a sales engineer and was promoted to various positions with responsibilities in various areas ranging from sales to product marketing until 1999. He rejoined us on April 9, 2003 as a general manager of sales and marketing for the Southern China Region and was promoted to general manager of branch offices in the Southern China Region in 2012 and to general manager of the Southern China Region in 2013. He has had extensive exposure to the mainland China market by developing sales and marketing channels in various cities, including Beijing, Shanghai, Guangzhou and Zhuhai.

Leung Chi Hang, Daniel, 37, is our general manager for information technology and logistics and is responsible for overseeing the daily operations of our information technology and logistics department. Mr. Leung obtained a bachelor of science degree in business administration from The Max M. Fisher College of Business at The Ohio State University, United States in June 1998 and a master's degree in business administration from The Ohio State University, United States in June 2004. Mr. Leung joined us as the general manager for information technology and logistics on September 1, 2008. Mr. Leung is the son of our chairman, Mr. Leung Chun Wah.

Leung Hon Shing, 48, is our financial controller and company secretary and is responsible for our financial management. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators. He also holds a professional diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) that he obtained in November 1988. Mr. Leung joined us on January 2, 2002 as a financial controller and was appointed as our company secretary on March 28, 2006. Prior to joining us, he worked in a subsidiary of a public listed company in Hong Kong from 1996 to 2001 and an international accounting firm from 1993 to 1996, where he gained extensive auditing, accounting and financial management experience.

Leung Man Kwong, 51, is our marketing director and is responsible for all of our marketing activities. Mr. Leung joined Smartcard Technology Limited (previously a subsidiary of Willas-Array (Holdings) Limited) on January 5, 1998 and was responsible for its operations in Hong Kong and the Southern China Region. In April 2003, he was appointed as the general manager of the central product marketing department until his promotion as marketing director in 2012. Prior to joining us, he worked in the electronic components department of Inchcape Industrial Holdings Limited for ten years.

Li Rong Qi, 53, is the general manager of our Beijing office and is responsible for all of our business operations in Beijing. Mr. Li was employed by us from December 11, 1992, as an engineer, but during the period from November 1991 to November 1994, he worked as an engineer in the Tenth Design and Research Institute of the Ministry of Machinery and Electronics Industry (機械電子工業部第十設計研究院). He was promoted to assistant operations manager in 2001, manager in 2003 and senior manager in 2006. He was appointed as the general manager of our Beijing office in 2013. Mr. Li obtained a bachelor's degree in physical chemistry and instrumental analysis from Tsinghua University in July 1984.

Or To Ching, 54, is our assistant general manager of information technology and is responsible for overseeing the daily operations of our information technology department. He obtained a bachelor of science degree from the University of Auckland, New Zealand in May 1983 and a master's degree in information systems from the City University of Hong Kong in November 1999. Mr. Or joined us on May 24, 1993 as a systems analyst and was promoted to a managerial position in 1995 and to assistant general manager of information technology in 2012. Prior to this, he worked as a systems engineer in Bank of America Trust Company (HK) Limited from 1988 to 1990 and as an systems analyst programmer for Colonial Mutual Life from 1991 to 1993.

Zhao Hou Min, 40, is the assistant general manager of our Qingdao office and is responsible for all of our business operations in Qingdao. Prior to joining us on April 1, 2001 as a field application engineer, he worked in the technical department of Qingdao Mitsumi Electric Co., Ltd. for six years from 1995 to 2001. He became our assistant manager in 2003 and was subsequently promoted to senior manager in 2010. He rose to the position of assistant general manager of our Qingdao office in 2013. Mr. Zhao obtained a graduation certificate in electrical technology from Qingdao University in July 1995. Mr. Zhao attended a long distance course in computers and application at the University of Petroleum and graduated in June 2001.

Zhu Yi, 38, is our assistant general manager for the Northern China Region. He is responsible for all of our business operations in the Northern China Region, including our product marketing department for the Northern China Region and the sales offices for the middle and western parts of China. Prior to joining us on June 1, 2002 as a sales manager, he worked for Guangdong Shunde Songben Electrician Industries Limited from July 1995 to September 1998, for Shanghai Anpu Connector Co., Ltd. from November 1998 to July 2000 and for Tyco Electronics (Shanghai) Co., Ltd. as a senior sales engineer from July 2000 to May 2002. Mr. Zhu was promoted to be our product manager in 2006 and our assistant general manager for the Northern China Region in 2013. Mr. Zhu has more than 15 years of experience working in the PRC and has extensive knowledge of the PRC market. Mr. Zhu studied the manufacture of electrical machinery and equipment at the Shanghai College of Electricity and Machinery Technology (上海電機技術高等專科學校) from September 1990 to July 1995.

None of the senior management executives has held directorship in any listed company for the last three years.

COMPANY SECRETARY

Our company secretary is Leung Hon Shing. Please refer to the sub-section headed "— Senior Management" in this section for his biographical details.

BOARD COMMITTEES

Audit Committee

Our Company has established an Audit Committee with written terms of reference in compliance with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and the Singapore Listing Manual. The primary duties of the Audit Committee are to review, with our Company's external auditors, the audit plan and their audit report; review, with our Company's internal auditors, the scope and results of the internal audit procedures and their evaluation of our overall internal control system; review our financial results and assistance given by the management to external and internal auditors; review significant findings of internal investigations and interested person transactions; and consider the appointment or re-appointment of external auditors.

The Audit Committee comprises of Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene. Jovenal R. Santiago is the chairman of the Audit Committee.

Nomination Committee

Our Company has established a Nomination Committee with written terms of reference in compliance with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and the Singapore Listing Manual. The primary duties of the Nomination Committee are to review, and make recommendations to the Board on, all candidates nominated for appointment to the Board; review all candidates nominated for appointment as senior management staff; review, and make recommendations to the Board regarding, the Board structure, size and

composition on an annual basis; identify and make recommendations to the Board as to our Directors who are to retire by rotation and to be put forward for re-election at each annual general meeting of our Company; determine whether or not a Director is independent; and propose a set of objective performance criteria to the Board for approval and implementation to evaluate the Board's effectiveness as a whole and each Director's contribution to the Board's effectiveness.

The Nomination Committee comprises of Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene. Wong Kwan Seng, Robert is the chairman of the Nomination Committee.

Remuneration Committee

Our Company has established a Remuneration Committee with written terms of reference in compliance with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and the Singapore Listing Manual. The primary duties of the Remuneration Committee are to make recommendations to the Board regarding the remuneration framework for the Board and the senior management executives; propose to the Board appropriate and meaningful measures for assessing the performance of our Executive Directors; and determine the specific remuneration package of each Executive Director.

The Remuneration Committee comprises of Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene. Iu Po Chan, Eugene is the chairman of the Remuneration Committee.

Compliance Committee

Our Company has established the Compliance Committee with written terms of reference in compliance with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules and the Singapore Listing Manual. The primary duties of the Compliance Committee include reviewing and making recommendations to the Board regarding our policies and practices on corporate governance and compliance with legal and regulatory requirements; monitoring the training and professional development of our Directors and senior management; and developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to our Directors and employees.

The Compliance Committee comprises of Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene. Iu Po Chan, Eugene is the chairman of the Compliance Committee.

DIRECTORS' REMUNERATION

Our Directors receive compensation in the form of directors' fees. In addition, our Executive Directors receive, in their capacity as employees, compensation in the form of salaries and other benefits, contributions to retirement benefit schemes and performance related incentive payment. The following table shows a breakdown of the aggregate amounts of fees and other emoluments paid to our Directors for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively:

	For the financial year ended March 31,			For the four months ended July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Payments to Directors:				
Directors' fees	970	1,061	1,060	380
Salaries and other benefits	11,426	11,102	11,156	3,497
Contributions to retirement benefit schemes	631	635	636	206
Performance related incentive payment	589	529	315	72
Total	13,616	13,327	13,167	4,155

The directors' fees and other emoluments to be paid by us to, or on behalf of, our Directors for the financial year ending March 31, 2014 is expected to amount to approximately HK$12.1 million.

None of our Directors have waived or agreed to waive any amounts of remuneration during the three financial years ended March 31, 2013 and the four months ended July 31, 2013.

The aggregate amounts of emoluments paid to our five highest paid individual employees for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, are as set forth below:

	For the financial year ended March 31,			For the four months ended July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Payments to five highest paid individual employees:				
Fees	13	13	13	4
Salaries and other benefits	12,775	12,524	12,728	3,887
Contributions to retirement benefits scheme	692	700	708	224
Performance related incentive payments	1,313	1,063	700	170
Share-based payments	114	58	—	—
Total	14,907	14,358	14,149	4,285

COMPLIANCE ADVISER

Our Company has appointed Octal Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Hong Kong Listing Rules. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, our Company shall consult with, and if necessary, seek advice from, Octal Capital Limited on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction (including a share issue and share repurchase) that might be a notifiable transaction, connected transaction or continuing connected transaction, is contemplated under the Hong Kong Listing Rules;

(iii) where our business activities, developments or results of operation deviate from any forecast, estimate, or other information in this Listing Document; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares or a possible development of a false market of our Shares.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Listing (without taking into account of the Shares that may be allotted and issued pursuant to the exercise of the options granted under ESOS II), the following persons will have an interest and/or short position in our Shares and/or the underlying Shares that would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Interests in Our Shares

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest in our Company immediately following the Listing (%)
Leung Chun Wah[(1)(2)]	Deemed interest by virtue of interest held by spouse	3,659,700	0.98
	Beneficiary of a trust	90,499,154	24.28
Cheng Wai Yin, Susana[(3)]	Beneficial owner	3,659,700	0.98
	Deemed interest by virtue of interest held by spouse	90,499,154	24.28
Max Power[(4)]	Beneficial owner	90,499,154	24.28
HSBC International Trustee Limited	Trustee	90,499,154	24.28
Kwok Chan Cheung[(5)]	Interest in a controlled corporation	39,477,771	10.59
Global Success [(5)]	Beneficial owner	39,477,771	10.59
Hung Yuk Choy	Beneficial owner	25,801,194	6.92

Notes:

(1) Leung Chun Wah is deemed under the SFO to be interested in the 3,659,700 Shares held by his spouse Cheng Wai Yin, Susana.

(2) Leung Chun Wah and his family members are the ultimate beneficiaries of a discretionary trust of which HSBC International Trustee Limited is the trustee. The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(3) Cheng Wai Yin, Susana, the spouse of Leung Chun Wah, is deemed under the SFO to be interested in the Shares held by Leung Chun Wah.

(4) The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC International Trustee Limited is deemed to be interested in all of the Shares held by Max Power. Our Director, Leung Chun Wah and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(5) Global Success, which is wholly-owned by Kwok Chan Cheung, is the beneficial owner of 39,477,771 Shares, of which up to 39,477,771 Shares were made available to be lent to the Bridging Dealer pursuant to the Stock Borrowing and Lending Agreement. By virtue of the SFO, Kwok Chan Cheung is deemed to be interested in all of the Shares held by Global Success.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following the Listing (without taking into account of any Shares that may be granted under the Existing Employee Share Option Scheme), have an interest and/or a short position in our Shares and/or underlying Shares that would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group. Our Directors are not aware of any arrangement that may at a subsequent date result in a change of control of our Company.

Leung Chun Wah is regarded as a Controlling Shareholder under the Singapore Listing Manual but not under the Hong Kong Listing Rules. Leung Chun Wah undertakes to comply with the requirements under the Singapore Listing Manual and the Hong Kong Listing Rules, and to do all acts reasonably required of him to enable us to comply with our disclosure obligations under the Singapore Listing Manual and the Hong Kong Listing Rules. We will disclose any information required to be disclosed by Leung Chun Wah as the Controlling Shareholder under the Singapore Listing Manual and the Hong Kong Listing Rules on both the SGX-ST and the Stock Exchange.

Leung Chun Wah does not have any business that competes or will compete with our Company. Also, Leung Chun Wah and our Company have not entered into any interested person transaction (which is similar to the meaning of "connected transaction" under the Listing Rules) under the Singapore Listing Manual during the Track Record Period and they have no intention to enter into such transaction going forward. In addition, Leung Chun Wah and Kwok Chan Cheung have neither entered into any shareholders' agreement or other agreement with each other nor have they acted in concert during the three financial years ended March 31, 2013 and the four months ended July 31, 2013.

SHARE CAPITAL

Our Company has an authorized share capital of HK$120,000,000 comprising of 600,000,000 Shares of HK$0.2 each. As of the Latest Practicable Date, our Company had 372,720,000 fully paid Shares in issue (without taking into account any Shares that may be allotted and issued pursuant to the exercise of options that have been granted under the Existing Employee Share Option Scheme and any Shares that may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors as referred to below).

All Shares in issue rank pari passu in all respects among themselves, including the right to participate fully in all dividends or other distributions declared, paid or made on our Shares after the date of this Listing Document.

There has been no share split, share consolidation or bonus issue during the three financial years ended March 31, 2013 and the four months ended July 31, 2013 and up to the Latest Practicable Date. Please refer to the sub-section headed "General Information — Further information about our Company — Changes in the share capital of our Company" in Appendix VI to this Listing Document for details on the changes in our share capital.

EMPLOYEE SHARE OPTION SCHEME

On June 11, 2001, our Company adopted the ESOS I and ESOS II to grant options to eligible employees.

The ESOS I was terminated on July 2, 2001 upon the listing of our Company on the Main Board of the SGX-ST and no further options were granted by our Company under ESOS I. There are currently no share options outstanding in respect of ESOS I.

The ESOS II expired on June 10, 2011. A total of 30,886,800 options were granted under the ESOS II up to the date of its expiry. As of the Latest Practicable Date, 20,572,800 options, representing approximately 5.5% of the existing issued Shares, remain outstanding under the ESOS II.

The ESOS III was adopted conditionally by a resolution of the Shareholders in a special general meeting of our Company held on July 30, 2013. For details of the ESOS III, please refer to the sub-section headed "General Information — Other information — Share option schemes" in Appendix VI to this Listing Document.

The principal terms of the ESOS II and ESOS III are summarized in the sub-section headed "General Information — Employee Share Option Scheme" in Appendix VI to this Listing Document.

SHARE ISSUE MANDATE

At the annual general meeting of our Company held on July 30, 2013, our Directors have been granted a general mandate (the "**Share Issue Mandate**") to allot and issue Shares not more than the sum of 50% of the total number of issued Shares in the capital of our Company (excluding treasury Shares), of which the aggregate number of Shares to be issued other than on a pro-rata basis to our Shareholders shall not exceed 10% of the total number of issued Shares in the capital of our Company (excluding treasury Shares).

For ascertaining the aggregate number of Shares that may be issued under the Share Issue Mandate, the percentage of issued Shares shall be based on the total number of issued Shares in the capital of our Company (excluding treasury Shares), at the time of passing of the relevant resolution at our Shareholders' meeting, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities, share options or vesting of share awards that are outstanding or subsisting at the time of passing of the relevant resolution at our Shareholders' meeting; and

(b) any subsequent bonus issue, consolidation or subdivision of our Shares.

Unless revoked or varied by our Company in a general meeting, the Share Issue Mandate shall continue to be in force until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting is required by law or the Bye-laws to be held, whichever is earlier.

Notwithstanding the above, it must be noted that the Hong Kong Listing Rules provide that the general mandate obtained from Shareholders in general meeting shall be subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the general mandate must not exceed 20% of the existing issued share capital of our Company. Going forward, our Company will comply with the requirements under the Hong Kong Listing Rules or the Singapore Listing Manual for matters in relation to the general mandate, whichever is more onerous.

As of the date of grant of the Share Issue Mandate, our Company had 372,720,000 Shares in issue. Pursuant to the Hong Kong Listing Rules, the Singapore Listing Manual and the Bye-laws, the maximum aggregate number of Shares and convertible securities that can be issued other than on a pro-rata basis to our Shareholders before the next annual general meeting of our Company is 37,272,000, being 10% of our Shares in issue as of the date of grant of the Share Issue Mandate.

For further details regarding the Share Issue Mandate, please refer to the sub-section headed "General Information — Resolutions of our Shareholders passed at our Company's general meeting held on July 30, 2013" in Appendix VI to this Listing Document.

SHARE BUYBACK MANDATE

At the annual general meeting of our Company held on July 30, 2013, our Directors have been granted a general unconditional mandate (the "**Share Buyback Mandate**") to exercise all the powers of our Company to purchase or otherwise acquire Shares not exceeding in aggregate 10% of the total number of issued Shares (excluding treasury shares) at the date of grant of the Share Buyback Mandate, at such price or prices (subject to the Listing Rules) as may be determined by our Directors from time to time.

The Share Buyback Mandate shall expire on the earlier of the date on which the next annual general meeting is held or required by law or the Bye-laws to be held, or the date on which the purchase of Shares by our Company pursuant to the Share Buyback Mandate is carried out to the full extent mandated.

The Share Buyback Mandate was made in compliance with the requirements of the Singapore Listing Manual and the Takeovers Code, and in accordance with all other laws and regulations, including but not limited to the provisions of the Bermuda Act and the Bye-laws.

For further details of the Share Buyback Mandate, please refer to the sub-section headed "General Information — Resolutions of our Shareholders passed at our Company's general meeting held on July 30, 2013" in Appendix VI to this Listing Document.

RULES 9.09(B) AND 10.08 OF THE HONG KONG LISTING RULES

Our Company has applied for and has been granted waivers from the Stock Exchange in relation to the strict compliance with Rules 9.09(b) and 10.08 of the Hong Kong Listing Rules. Please refer to the section headed "Waivers from Strict Compliance with the Hong Kong Listing Rules" in this Listing Document for details of the waivers.

TRADING INFORMATION

The following table sets forth the reported high, low, month-end closing and monthly average of the closing trading prices on the SGX-ST for our Shares from April 2010 up to the Latest Practicable Date. Our Shares commenced trading on the Main Board of the SGX-ST on July 2, 2001.

SGX-ST

	High (S$)	Low (S$)	Month-end closing (S$)	Monthly average[1] (S$)
2010				
April	0.185	0.160	0.185	0.168
May	0.175	0.140	0.175	0.161
June	0.180	0.170	0.175	0.176
July	0.185	0.175	0.185	0.180
August	0.180	0.155	0.160	0.162
September	0.210	0.160	0.180	0.175
October	0.185	0.170	0.170	0.179
November	0.185	0.175	0.175	0.180
December	0.185	0.175	0.180	0.181

	High (S$)	Low (S$)	Month-end closing (S$)	Monthly average[(1)] (S$)
2011				
January	0.190	0.175	0.175	0.184
February	0.180	0.170	0.175	0.177
March	0.175	0.130	0.140	0.148
April	0.155	0.140	0.150	0.148
May	0.170	0.140	0.160	0.150
June	0.170	0.155	0.160	0.160
July	0.165	0.160	0.164	0.164
August	0.163	0.120	0.124	0.133
September	0.130	0.120	0.120	0.122
October	0.120	0.100	0.120	0.112
November	0.121	0.108	0.108	0.115
December	0.109	0.102	0.102	0.105
2012				
January	0.120	0.105	0.110	0.113
February	0.126	0.122	0.122	0.123
March	0.128	0.120	0.126	0.125
April	0.135	0.126	0.130	0.131
May	0.137	0.125	0.137	0.129
June	0.149	0.132	0.149	0.136
July	0.139	0.136	0.139	0.138
August	0.138	0.115	0.125	0.125
September	0.130	0.118	0.120	0.123
October	0.130	0.118	0.118	0.122
November	0.126	0.120	0.124	0.123
December	0.140	0.128	0.130	0.130
2013				
January	0.154	0.140	0.150	0.147
February	0.150	0.147	0.148	0.148
March	0.161	0.147	0.161	0.156
April	0.165	0.147	0.155	0.154
May	0.165	0.150	0.164	0.157
June	0.161	0.150	0.151	0.155
July	0.156	0.151	0.155	0.154
August	0.157	0.145	0.153	0.149
September	0.166	0.135	0.166	0.147
October	0.152	0.150	0.152	0.151
November (up to the Latest Practicable Date)	0.160	0.145	0.160	0.152

Note:

(1) The monthly average of the closing trading prices on the SGX-ST for our Shares for each month was calculated by dividing the sum of the closing trading prices on the SGX-ST of our Shares of such month by the total number of days on which trading in our Shares occurred during such month.

The following table sets forth the average daily trading volume and average daily turnover of our Shares and the average daily trading volume of our Shares as a percentage of the total issued share capital of our Company from April 2010 up to the Latest Practicable Date.

	Average daily trading volume of our Shares[(1)] (Shares)	Average daily turnover of our Shares[(2)] (S$)	Average daily trading volume of our Shares (as a percentage of the total issued share capital of our Company) (%)
2010			
April	90,813	15,445	0.03%
May	143,733	24,164	0.05%
June	100,400	17,788	0.03%
July	188,714	34,319	0.06%
August	156,083	25,893	0.05%
September	169,429	30,538	0.05%
October	106,857	19,398	0.03%
November	197,083	35,298	0.06%
December	72,813	13,126	0.02%
2011			
January	275,278	50,493	0.09%
February	180,231	31,735	0.06%
March	190,421	28,427	0.06%
April	148,625	21,996	0.04%
May	245,000	37,926	0.07%
June	281,158	45,255	0.08%
July	195,467	31,995	0.05%
August	189,611	25,878	0.05%
September	105,545	12,791	0.03%
October	41,667	4,776	0.01%
November	168,100	18,955	0.05%
December	75,750	8,052	0.02%

	Average daily trading volume of our Shares[1] (Shares)	Average daily turnover of our Shares[2] (S$)	Average daily trading volume of our Shares (as a percentage of the total issued share capital of our Company) (%)
2012			
January	95,333	10,794	0.03%
February	66,714	8,291	0.02%
March	55,100	6,892	0.01%
April	43,667	5,654	0.01%
May	120,625	15,842	0.03%
June	87,800	11,959	0.02%
July	194,250	26,777	0.05%
August	243,000	29,990	0.07%
September	43,857	5,497	0.01%
October	69,636	8,676	0.02%
November	62,500	7,735	0.02%
December	112,000	14,445	0.03%
2013			
January	187,000	27,531	0.05%
February	106,667	15,867	0.03%
March	138,667	21,638	0.04%
April	80,500	12,401	0.02%
May	104,714	16,073	0.03%
June	94,143	14,412	0.03%
July	91,000	14,060	0.02%
August	70,143	10,318	0.02%
September	38,833	5,424	0.01%
October	56,714	8,541	0.02%
November (up to the Latest Practicable Date)	71,333	10,773	0.02%

Notes:

(1) The average daily trading volume of our Shares for each month was calculated by dividing the total number of our Shares traded within such month by the total number of days on which trading in our Shares occurred during such month.

(2) The average daily turnover of our Shares for each month was calculated by dividing the total turnover of our Shares traded within such month by the total number of days on which trading in our Shares occurred during such month.

Investors are advised to read in conjunction with the entire audited historical consolidated financial statements of our Group, which have been prepared in accordance with IFRS and are included in the Accountants' Report in Appendix I to this Listing Document. Our historical results do not necessarily indicate results expected for any future periods. The following discussion contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections headed "Risk Factors" and "Business" and elsewhere in this Listing Document.

OVERVIEW

We are a long established and renowned provider of electronic components and engineering solutions to industrial and commercial users in the Greater China region, based on the numerous awards received from industrial publications and our principal suppliers in recognition of our contribution as a distributor in the electronic components market. For the financial year ended March 31, 2013, we recorded a revenue of approximately HK$3,157.6 million, 99.3% of which was derived from our trading of electronic components business segment. Within our trading of electronic components business segment, our business activities consist primarily of (i) pure distribution of electronic components, (ii) integration of solution kits, and (iii) provision of engineering solutions services; and provision of engineering solutions further consists of provision of (a) general reference design, and (b) tailor-made solutions.

We distribute a wide range of electronic components for use in the industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments. However, as opposed to being a pure distributor, we also act as an integrator of solution kits and engineering solution provider to provide a broad range of value-added services from integrating various electronic components for our customers' solution kits to the creation of engineering solutions that are complementary to our customer's product design needs by utilizing our proprietary know-how and special features of the products we distribute. As an integrator of solution kits, we provide most, if not all, of the electronic components our customers specify in their solution kits. Our solution kit service enables our customers to maximize their cost effectiveness, minimize their turnaround time and ensure fitness of electronic components for their end-products. As an engineering solution provider, we provide our customers with tailor-made engineering solutions and turnkey engineering services. With the specialized segment and application knowledge of our engineers in the technical marketing department and application and development department, we develop and introduce new designs and engineering solutions to cater our customers' needs. Although we amortize these value-added services into our unit sales prices and do not record them as separate sources of revenue, they are critical to our success and enable us to sustain our profit margins despite the severe competition in the electronic components distribution industry. Our Directors believe that our solution based business model has enabled us to create demand for the products we distribute through provision of these value-added services tailor-made to suit our customers' requirements.

Through three decades of growth and development, we have established long-standing relationships with over 20 internationally reputable principal suppliers of electronic components. We have also established a large and diversified customer base of more than 3,000 customers over various

industries. Our customers mainly consist of well-known consumer electronic brands, original equipment manufacturers (OEMs), original design manufacturers (ODMs), contract manufacturers (CMs) and other industrial and commercial customers.

Headquartered in Hong Kong, we are one of the major pioneering distributors to have penetrated the PRC electronic components market for more than 20 years. In our efforts to further penetrate the growing electronic components distribution market in the PRC, we have established a network of sales and representative offices strategically located in eight major cities in the PRC, including Beijing, Chengdu, Guangzhou, Qingdao, Shanghai, Shenzhen, Xiamen and Zhongshan, supported by two regional headquarters of business operations in Shanghai and Shenzhen. In 2005, we also established an overseas office in Taipei, to tap into the growing number of large Taiwanese electronic manufacturers doing business in the PRC.

During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, following an exceptionally well financial year that ended March 31, 2011, we focused our business efforts on sustaining our gross profit margins and maintaining a healthy market share to counteract the negative effects of the European sovereign debt crisis that began in late 2011 and the slowdown of the PRC economy that began in 2012. For each of the three financial years ended March 31, 2011, 2012 and 2013, we sustained our gross profit margin at 10.2%, 9.3% and 9.7%, respectively, notwithstanding our revenue decreased from HK$3,797.1 million to HK$3,262.1 million and HK$3,157.6 million, respectively, and our net profit margins at approximately 2.3%, 1.4% and 1.5%, respectively. Despite the decrease of revenue by 2.6% from HK$1,105.8 million for the four months ended July 31, 2012 to HK$1,076.6 million for the four months ended July 31, 2013, our gross profit for the four months ended July 31, 2013 increased by approximately 9.0% to approximately HK$118.3 million compared to the same period in 2012, and our gross profit margin increased by approximately 1.2%, while our net profit margin remained stable at approximately 1.4% compared to the same period in 2012.

BASIS OF PRESENTATION

We have prepared our financial information on the historical cost basis, except for certain financial instruments that are measured at fair values, as disclosed in the accounting policies in the Accountants' Report of our Company as set out in Appendix I to this Listing Document, and are drawn up in accordance with IFRSs. Historical cost is generally based on the fair value of the consideration given in exchange for goods. In addition, our financial information includes the applicable disclosures required by the Hong Kong Listing Rules and by the Companies Ordinance.

Our financial information incorporates the financial information of the group entities controlled by our Company. Control is achieved where our Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

All significant intra-group assets, liabilities, equity, income, expenses and cashflows relating to transactions between members of our Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from our equity therein.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial information in conformity with IFRS requires us to adopt accounting policies and make estimates and assumptions that affect amounts reported in our financial information. In applying these accounting policies, we make subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. The following sections discuss certain key accounting policies, judgments and estimations applied in preparing our financial information.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of Goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- we have transferred to the buyer the significant risks and rewards of ownership of the goods;
- we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to us; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Management fee income is recognized when management and administration services are provided.

Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to our Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on the first-in, first-out method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Property, Plant and Equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost less accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives on the following bases:

• Leasehold land and buildings	Over the shorter of lease term or 50 years, straight-line method
• Motor vehicles	20%, straight-line method
• Plant and equipment	20%, straight-line method
• Computer equipment, furniture and fixtures	20% to 33⅓%, straight-line method

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of that asset.

Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

Foreign Currencies

In preparing the financial statements of each individual entity within our Group, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the financial information, the assets and liabilities of our Group's foreign operations are translated into the presentation currency of our Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year/period.

Financial Instruments

Financial assets and financial liabilities are recognized on our statements of financial position when we become a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Effective Interest Method

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

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including cash and cash equivalents, restricted bank deposits, short-term bank deposit, trade and bills receivables, other receivables and long term deposits) are measured at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Dividends on available-for-sale equity instruments are recognized in profit or loss when our right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Breach of contract, such as default or delinquency in interest and principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- Disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include our past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of Financial Assets

We derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when we transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If we neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, we continue to recognize the asset to the extent of our continuing involvement and recognize an associated liability. If we retain substantially all the risks and rewards of ownership of a transferred financial asset, we continue to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial Liabilities and Equity Instruments

Debt and equity instruments issued by the entities within our Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in our assets after deducting all of our liabilities. Equity instruments issued by us are recognized at the proceeds received, net of direct issue costs.

No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of our Company's own equity instruments.

Other Financial Liabilities

Other financial liabilities including trust receipt loans, trade and bills payables, dividend payable, others payables, amounts due to jointly controlled entities and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Financial Guarantee Contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by us and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, we measure the financial guarantee contract at the higher

of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with the revenue recognition policy.

Derecognition of Financial Liabilities

We derecognize financial liabilities when, and only when, our obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative Financial Instruments

We enter into a variety of derivative financial instruments to manage our exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in the section headed "Notes to the Financial Information" in Appendix I to this Listing Document.

Derivatives are initially recognized at fair value as of the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and our financial condition have been, and will continue to be, affected by a number of factors, including those set out below.

Our business, financial condition and results of operations could be adversely affected by the global economic downturn and adverse market conditions.

We are dependent on the health of global economic conditions and levels of global consumer consumption in general. Our customers use the products and services we provide to manufacture end-products, such as mobile phones, home appliances, audio/video systems and automotive electronics. The demand from our customers, therefore, depends on the overall consumer demand for the end-products they manufacture. The global financial markets experienced significant disruptions in 2008 and the United States, Europe and other economies went into recession. The recovery from the economic downturns of 2008 and 2009 was uneven and it is facing new challenges, including the escalation of the European sovereign debt crisis in 2011 and the slowdown of the PRC economy in 2012. A continuous deterioration in global economic conditions could affect consumer confidence and spending. If the demand for the products and services we provide declines as a result of changes in global economic conditions or does not grow at the pace we anticipate, our business, financial condition and results of operations could be adversely affected.

In addition, the global financial and economic crisis could also adversely affect the ability of our customers and suppliers to obtain financing for significant purchases and operations and result in a decrease in, or cancellation of, orders for the products we distribute or limitations on the quantity of products supplied to us due to reduced production outputs. Furthermore, these economic conditions could make it difficult for us and our customers and principal suppliers to accurately forecast and plan future business activities, which could cause our customers to slow spending on the products we distribute, thus delaying and lengthening sales cycles. If the market in which we operate deteriorates due to these global economic conditions, our business, financial condition and results of operations could be adversely affected.

Our financial performance could be adversely affected by a global shortage of key components.

Certain electronic components could from time to time be in short supply. This could be due to manufacturing companies reducing their production in anticipation of lower demand or terminating production as it can no longer be economically viable to supply the electronic components even when demand is high. As a result, demand could exceed supply, which could lead to a shortage that plagues the electronic components industry. Such shortages in the supply of key electronic components could lead to our customers either suspending or delaying their manufacturing schedule, which could in turn adversely affect our business, financial condition and results of operations.

We are dependent on our principal suppliers.

Our success depends on the continued distribution rights of our existing pool of more than 20 principal suppliers and our ability to secure new distribution rights. During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, we had six, six, five and six principal suppliers, respectively, that each accounted for 5% or more of our cost of sales. Purchases from our five largest principal suppliers together accounted for approximately 82.2%, 75.9%, 84.8% and 85.2% of our total cost of sales for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, while purchases from our largest principal supplier accounted for approximately 32.2%, 32.0%, 41.0% and 38.2%, respectively, of our cost of sales for the same period. In the event that our distribution agreements with these principal suppliers are terminated, interrupted, or adversely modified, our business, financial condition and results of operations could be adversely affected. Please refer to the sub-section headed "Business — Principal Suppliers — Supply Agreements" in this Listing Document for a description of the salient terms of our supply agreements.

We are exposed to the credit risks of our customers.

We extend credit only to customers that we deem creditworthy based on analysis of their credit profiles. However, our customers are subject to market conditions and their own business risks. Accordingly, we periodically review the adequacy of our reserve for credit losses considering economic conditions and trends and credit quality indicators. We cannot assure you that our reserve for credit losses and coverage by our credit insurance will always be adequate to cover credit losses because there could be unanticipated adverse changes in the economy or extraordinary events

adversely affecting specific customers, industries or markets. If the credit quality of our customer base decreases as a result of economic conditions or if our reserves for credit losses are not adequate, our business, financial condition and results of operations could be adversely affected.

We are dependent on short-term financing. In the event that our lenders cancel these credit facilities, our business operations, turnover and profitability could be adversely affected.

Our average trade payables turnover days for the three financial years ended March 31, 2013 and the four months ended July 31, 2013 was approximately 38 days (excluding the effects of trade finance facilities drawn down such as trust receipt loans and bills payable). As such, we are dependent on our short-term borrowings to finance our credit sales. Our average trade receivables turnover days for the three financial years ended March 31, 2013 and the four months ended July 31, 2013 was approximately 56 days. Please refer to sub-sections headed "— Selected Balance Sheet Items — Trade and Bills Receivables Analysis" and "— Selected Balance Sheet Items — Trade and Bills Payables Analysis" in this section for the reasons of changes.

As of July 31, 2013, our total short-term borrowings amounted to HK$631.8 million. This comprised trust receipt loans of HK$480.2 million and bank borrowings of HK$151.6 million. In the event that the financial institutions concerned cancel these credit facilities, our business operations, turnover and profitability could be adversely affected.

We are subject to interest rates fluctuations that could increase our costs of borrowings and subsequently affect our profitability.

While we have, in the past, been able to obtain competitive interest rates for our borrowings from our banks, we cannot assure you that we will be able to continue to secure such competitive interest rates in the future. In the event of a substantial increase in interest rates, our interest expense will increase and our profitability could be adversely affected.

We are subject to foreign exchange risk.

We incur foreign currency risk on sales and purchases that are denominated in currencies other than our functional currencies and therefore are exposed to foreign exchange risk.

As of March 31, 2011, 2012 and 2013 and July 31, 2013, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Assets				Liabilities			
	As of March 31,			As of July 31,	As of March 31,			As of July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	(HK$ in thousands)				(HK$ in thousands)			
United States dollars	861,390	734,080	761,517	741,269	(527,033)	(478,729)	(471,097)	(502,626)
Hong Kong dollars	1,300	2,464	1,278	1,222	(65,040)	(50,442)	(59,471)	(70,656)
Japanese yen	10,783	4,557	1,965	2,731	(45,156)	(26,507)	(14,407)	(22,449)
Chinese Renminbi	5,257	2,655	4,825	3,792	(1,211)	(1,211)	(1,211)	(1,211)
Euro	1,556	172	641	645	(443)	(304)	(403)	(189)
Singapore dollars	642	2,376	1,561	1,218	—	—	(24)	(151)
Other currencies	30	34	4	5	—	—	—	—

As the Hong Kong dollar is currently pegged to the U.S. dollar at a rate of approximately US$1 to HK$7.8, our exposure to fluctuations in the exchange rate of the Hong Kong dollar against the U.S. dollar is minimal. However, we cannot assure you that the Hong Kong dollar will remain pegged to the U.S. dollar in the future. Hence, should there be any significant adverse fluctuations in the exchange rate of the Hong Kong dollar against the U.S. dollar, our business, financial condition and results of operations could be adversely affected. Likewise, should there be any significant adverse fluctuation in the exchange rates for the Japanese yen and the U.S. dollar, our business, financial condition and results of operations could be adversely affected.

We operate in a competitive market that could result in lower profit margins.

The distribution businesses for electronic components are competitive with no practical barriers to entry. We experience competition from distributors in the geographical markets in which we currently operate and expect to face similar competition in the markets that we plan to enter. Some of our competitors could have more financial and human resources, more competitive pricing strategies or closer relationships with manufacturers of electronic components than we have. In the event that our competitors offer less expensive alternatives to our products or services, or engage in aggressive pricing in order to increase their market share, or are capable of supplying products with superior performance, functions or efficiency, we could lose customers to our competitors and our business, financial condition and results of operations could be adversely affected. Competition could also lead to, among other things, stricter terms in agreements with manufacturers of electronic components, which could have an adverse impact on our business, financial condition and results of operations and lower our profit margins. In addition, we believe that we sustain our profit margins despite the severe competition in the electronic components distribution industry through our ability to act as an integrator of solution kits and engineering solution provider. With the support of our technical marketing department and application and development department, we are able to act in the capacity of integrators of solution kits and engineering solution providers in the course of conducting our business, and provide a broad range of value-added services from integrating various electronic

components for our customers' solution kits to the creation of engineering solutions that are complementary to our customer's product design needs by utilizing our proprietary know-how and special features of the products we distribute. Our Directors believe that our solution based business model has enabled us to create demand for the products we distribute through provision of value-added services tailor-made to suit our customers' requirements. In the event that our competitors adopt the same or superior business models, we cannot guarantee you that we will be able to continue to sustain our profit margins.

We are susceptible to the business cycles of the industries in which our customers operate.

We provide electronic components and engineering solutions to various customers in a wide range of industries including the industrial, telecommunications, home appliances, automotive, audio and video, lighting and other application segments. The business cycles and growth prospects of each of these segments will have a corresponding effect on the demand for our products and services. During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, we adjusted our business strategies in line with the cyclical upswings and downswings in these segments in order to accommodate the increases and decreases in demand for our products and services. However, we cannot assure you that we would effectively manage the fluctuations in demand for our products and services. Should there be a prolonged downturn in any of these industries, our business, financial condition and results of operations could be adversely affected.

RESULTS OF OPERATIONS

The following is a summary of the audited results of our Group for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013 and the unaudited results of our Group for the four months ended July 31, 2012 (extracted from the Accountants' Report, the text of which is set out in Appendix I to this Listing Document).

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
	(HK$ in thousands)				
Revenue	3,797,120	3,262,086	3,157,597	1,105,763	1,076,566
Cost of sales	(3,411,444)	(2,959,401)	(2,851,940)	(997,287)	(958,298)
Gross profit	385,676	302,685	305,657	108,476	118,268
Other operating income	3,768	4,246	4,635	701	1,135
Distribution costs	(50,862)	(39,021)	(30,112)	(6,822)	(13,415)
Administrative expenses	(206,932)	(216,028)	(217,936)	(72,720)	(71,244)
Listing expenses	—	—	—	—	(10,253)
Share of loss of jointly controlled entities	(22)	(21)	—	—	—
Share of profit of associates	—	—	808	—	2,742
Other gains and losses	(8,053)	19,538	7,623	(5,333)	(1,942)
Amortization of financial guarantee liabilities	—	—	—	—	100
Finance costs	(13,531)	(15,514)	(16,232)	(4,685)	(5,048)
Profit before tax	110,044	55,885	54,443	19,617	20,343
Income tax expense	(22,209)	(13,132)	(13,144)	(4,468)	(6,362)
Profit for the year/period	87,835	42,753	41,299	15,149	13,981
Other comprehensive income (expense):					
Items that maybe reclassified subsequently to profit/loss					
- Exchange differences on translation of overseas operations	6,787	6,463	(377)	(2,586)	3,336
- Release of exchange difference upon dissolution of overseas operations	7	(209)	—	—	—
Other comprehensive income (expense) for the year/period, net of tax	6,794	6,254	(377)	(2,586)	3,336
Total comprehensive income for the year/period	94,629	49,007	40,922	12,563	17,317
Profit (loss) attributable to:					
Owners of the Company	86,010	44,518	45,838	15,123	14,994
Non-controlling interests	1,825	(1,765)	(4,539)	26	(1,013)
	87,835	42,753	41,299	15,149	13,981

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
	(HK$ in thousands)				
Total comprehensive income (expense) attributable to:					
Owners of the Company	92,804	50,761	45,458	12,534	18,324
Non-controlling interests	1,825	(1,754)	(4,536)	29	(1,007)
	94,629	49,007	40,922	12,563	17,317
Earnings per share					
- Basic (HK cents)	26.82	11.99	12.30	4.06	4.02
- Diluted (HK cents)	26.37	11.77	12.11	4.00	3.95

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

Our revenue is mainly generated from our two business segments, namely trading of electronic components and trading and designing integrated circuits. Affected by the escalation of the European sovereign debt crisis in 2011 and the slowdown of the PRC economy in 2012, the demand for the products and services we provide declined during the three financial years ended March 31, 2013, as a result of these changes in global economic conditions. Our revenue decreased from approximately HK$3,797.1 million for the financial year ended March 31, 2011 to HK$3,262.1 million for the financial year ended March 31, 2012 which represented a decrease of approximately 14.1%. For the financial year ended March 31, 2013, our revenue further slightly decreased approximately 3.2% to approximately HK$3,157.6 million compared to the financial year ended March 31, 2012. Our Directors consider the major reasons affecting our financial performance during the three financial years ended March 31, 2013 are macroeconomic factors. For the four months ended July 31, 2013, our revenue was approximately HK$1,076.6 million, being approximately 2.6% lower than that for the same period in 2012. The decrease in our revenue was primarily due to the gradual transfer of Toshiba-related business to GW Electronics Company Limited, which was established in November 2012 and commenced operation in January 2013. As disclosed in the sub-section headed "History, Development and Corporate Structure — Our Corporate History and Development — Establishment of GW Electronics Company Limited" in this Listing Document, GW Electronics Company Limited is an associate of our Company that is principally engaged in the distribution of Toshiba electronic components in the PRC and Hong Kong. The decrease was also attributable to the decrease of purchase orders in the telecommunications segment compared to the same period in 2012 due to the soft demand for the smartphone products we distributed and the switching of purchasing channel by one of our Taiwan customers, however the number of purchase orders we received has resumed to normal by July 2013. For further details on other reasons contributing to the movement of our financial results, please refer to the paragraph headed "— Period to period comparison of results of operations" in this section.

One of our strategies is to maintain a healthy relationship with our customers to capture the business opportunity brought by the next product generation. During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, although the respective constituents of our five largest customers changed, each of them remained a customer of our Group as of the Latest Practicable Date. However, given our trading business nature and the rapid advancement of technology in the electronics industry, our revenue from some other customers was periodic and sometimes short-term in nature, corresponding, in part, to the rapid product life cycle in the electronic component industry. Owing to such volatility in the market, our customer profile and major customers of a particular financial year are always subject to addition of some new customers and loss of some existing customers when comparing each of the three financial years ended March 31, 2011, 2012 and 2013. Despite of the above, we have established a large and diversified customer base of more than 3,000 customers over various industries. Furthermore, our largest customer only accounted for approximately 7.2%, 3.9%, 3.0% and 4.1% of our total revenue for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, and our five largest customers together accounted for only approximately 17.7%, 13.1%, 12.9% and 13.4% of our total revenue for the same periods. As a result, our Directors are of the view that, during the three financial years ended March 31, 2013 and the four months ended July 31, 2013, we did not rely on any single customer or a few particular customers, and a slight change of customer profile or ranking did not have any material impact on our financial performance.

Revenue by Business Segments

The following table sets out a breakdown of our revenue by business segments for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Business segments [(1)]:										
Trading of electronic components	3,758,918	99.0%	3,237,877	99.3%	3,136,188	99.3%	1,095,871	99.1%	1,070,298	99.4%
Trading and designing integrated circuits:										
Trading and designing integrated circuits (before elimination)	75,775	2.0%	57,971	1.8%	53,953	1.7%	23,972	2.2%	20,039	1.9%
Elimination[(2)]	(37,573)	(1.0%)	(33,762)	(1.1%)	(32,544)	(1.0%)	(14,080)	(1.3%)	(13,771)	(1.3%)
Trading and designing integrated circuits (after elimination)	38,202	1.0%	24,209	0.7%	21,409	0.7%	9,892	0.9%	6,268	0.6%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

Note:

(1) The presentation of revenue by business segments, namely, (i) trading of electronic components and (ii) trading and designing integrated circuits, is for the purpose of disclosure in accordance with IFRS 8 Segment and the basis for such presentation is "for the purposes of resource allocation and assessment of segment performance" as described in Note 44 (Segment Information) to the Accountants' Report. Despite the ValenceTech Group being part of our Group since 2006, the ValenceTech Group has been operating independently from the rest of our Group and its business of design, development and marketing of standard and custom design analog, digital and mixed-signal ICs as well as LED driver ICs, is also different from the business of the rest of our Group. Hence, from management's point of view, the revenue from the ValenceTech Group (i.e. the business of trading and designing integrated circuits) is considered a separate segment reportable under IFRS 8 Segment as it currently appears in the Accountants' Report.

(2) Elimination of inter-company transactions of trading and designing integrated circuits.

Revenue from trading of electronic components relates to the revenue generated from the distribution of electronic components, including any value-added services we provide to create demand for the products we distribute, such as integration of solution kits and engineering solutions services. These value-added services are not separately invoiced to our customers but are amortized into our unit sales prices, therefore we do not record them as separate sources of revenue when preparing our financial statements. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, approximately 99.0%, 99.3%, 99.3% and 99.4%, respectively, of our total revenue was derived from the trading of electronic components business segment, while only approximately 1.0%, 0.7%, 0.7% and 0.6% of our revenue (after elimination of inter-company transactions) was sourced from the trading and designing integrated circuits business segment. Within the trading of electronic components business segment, our business activities consist primarily of (i) pure distribution of electronic components, (ii) integration of solution kits and (iii) provision of engineering solutions services; and provision of engineering solutions further consists of provision of (a) general reference design and (b) tailor-made solutions. We also characterize integration of solution kits and provision of engineering solution in our trading of electronic components business segment as our value-added services. Please refer to the sub-section headed "Business — Workflows" in this Listing Document for details of each of our business activities. During the three financial years ended March 31, 2013, our revenue from trading of electronic components decreased from approximately HK$3,758.9 million for the financial year ended March 31, 2011 to approximately HK$3,136.2 million for the financial year ended March 31, 2013, as a result of the global economic downturn and the slowdown of the PRC economy. Our revenue from trading of electronic components decreased by approximately 2.3% from approximately HK$1,095.9 million for the four months ended July 31, 2012 to approximately HK$1,070.3 million for the four months ended July 31, 2013, primarily due to the transfer of Toshiba-related business to GW Electronics Company Limited and the decrease in sales in the telecommunications segment.

Revenue from trading and designing integrated circuits relates to the revenue generated from the design and sale of integrated circuits by members of the ValenceTech Group, all of which are subsidiaries of our Company. As disclosed in the sub-section headed "History, Development and Corporate Structure — Our Corporate History and Development — Acquisition of 60% indirect interest in ValenceTech Limited" in this Listing Document, the ValenceTech Group primarily engages in the design, development and marketing of standard and custom design analog, digital and

mixed-signal ICs as well as LED driver ICs, which is different and independent from the business of the rest of our Group. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, the revenue generated from trading and designing integrated circuits are minimal and represented only approximately 1.0%, 0.7%, 0.7% and 0.6% of our total revenue, respectively.

Revenue by Product Categories

We provide more than 10,000 different electronic components to our customers in two broad categories: active components and passive and interconnecting components. Details of these product categories are set out in the sub-section headed "Business — Products and Services Provided — Product Portfolio" in this Listing Document. The table below set out the breakdown of revenue, sales volume and average selling price in each of our major product categories during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013.

During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013, purchase cost of electronic components constitute a majority part of our material costs. The following table also illustrates the average costs in each of our major product categories for products purchased during the same periods:

	Financial Year Ended March 31,												Four Months Ended July 31,							
	2011				2012				2013				2012				2013			
	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost
													(unaudited)							
	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)
Product categories:																				
Active components:																				
Integrated circuits	1,443,343	409,675	3.523	3.159	1,198,838	375,978	3.189	2.888	1,176,524	380,727	3.090	2.816	407,322	128,793	3.163	2.857	396,284	120,517	3.288	2.975
Discrete components	918,439	958,849	0.958	0.847	835,418	778,945	1.072	0.963	744,059	685,642	1.085	0.986	261,949	242,329	1.081	0.980	239,139	220,838	1.083	0.979
Passive and interconnecting components	1,435,338	11,401,395	0.126	0.114	1,227,830	7,504,203	0.164	0.150	1,237,014	9,298,754	0.133	0.119	436,492	2,888,404	0.151	0.136	441,143	3,748,996	0.118	0.102
Total	3,797,120	12,769,919	0.297	0.267	3,262,086	8,659,126	0.377	0.342	3,157,597	10,365,123	0.305	0.275	1,105,763	3,259,526	0.339	0.306	1,076,566	4,090,351	0.263	0.234

During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, active component remained the largest contributor to our revenue and accounted for approximately 62.2%, 62.4%, 60.8% and 59.0% of our revenue, respectively. As discussed in the sub-section headed "Industry Overview — the Active Components Market" in this Listing Document, active components can be broken down into ICs and discrete components. We thus categorized the active components we distribute into ICs and discrete components when performing the product category analysis in this section.

Integrated circuits

Distribution of ICs that we sourced from our principal suppliers was one of the major sources of our revenue during the three financial years ended March 31, 2013 and the four months ended July 31, 2013. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, revenue from ICs accounted for approximately 38.0%, 36.8%, 37.3% and 36.8% of our turnover, respectively.

During the first quarter of the financial year ended March 31, 2012, in anticipation of a global supply shortage on electronic components following the Japanese earthquake and tsunami in March 2011, the prices of ICs were inflated as a result of increased demand for ICs and many industry players, including our customers and ourselves, purchased more electronic products as buffer stock. However, a few months after the disaster, market demand for ICs began to decrease when the production of ICs resumed, and the IC prices decreased to the normal level or even lower than before the disaster in light of the worsening Eurozone crisis and the lackluster U.S. economy. As the demand decreased, our principal suppliers reduced the IC prices and the average purchase cost of ICs also decreased by approximately 8.6% to approximately HK$2.888 per piece and we adjusted the average selling price of our ICs to approximately HK$3.189 per piece during the financial year ended March 31, 2012, representing a decrease of approximately 9.5%, compared to the financial year ended March 31, 2011. During the financial year ended March 31, 2012, due to unfavorable market conditions, our sales volume of ICs decreased by approximately 8.2% to approximately 376.0 million pieces. With the combined results of decreases in average selling price and quantity of products sold due to worsening macroeconomic situation, as well as the exceptionally strong performance in 2011, our revenue from ICs decreased by approximately 16.9% to approximately HK$1,198.8 million during the financial year ended March 31, 2012.

Due to the rapid advancement of technology and the unfavorable economy environment, the prices of ICs were under continuous price erosion in the two financial years ended March 31, 2012. During the financial year ended March 31, 2013, with the support of our engineering services, we were able to sustain our market share and our sales volume increased by approximately 1.3% to 380.7 million pieces. Also, while we needed to adjust our selling price by a 3.1% decrease, we were also able to negotiate a similar decrease in our purchase cost by approximately 2.5%. We were thus able to sustain our margin. As a result, during the financial year ended March 31, 2013, our revenue recorded only a slight decrease of approximately 1.9% to HK$1,176.5 million.

Since April 2013, the continuous downward price pressure on ICs gradually lessened. During the four months ended July 31, 2013, due to the slight increase in our average cost of ICs purchased from our principal suppliers and our increased effort in our engineering solutions services, our selling price of ICs during the four months ended July 31, 2013 increased by approximately 4.0%. Nevertheless, as the sales volume decreased by approximately 6.4%, our revenue for ICs declined by approximately 2.7% compared to the same period in 2012.

Discrete components

For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, the revenue generated from discrete components accounted for approximately 24.2%, 25.6%, 23.6% and 22.2% of our turnover, respectively.

Affected by the economic downturn as discussed above, during the financial year ended March 31, 2012, we faced intense competition in the electronic components industry, in particular, among the low-end discrete and passive and interconnecting components. In order to maintain our competiveness, we focused our resources and engineering services to develop solutions for high-end products with higher selling prices. As a result, our average purchase cost and the average selling price of discrete components increased in the financial year ended March 31, 2012. As a result of this strategy, although the sales volume of discrete components decreased by approximately 18.8% under the deteriorating market conditions, our revenue from discrete components decreased only by approximately 9.0% to HK$835.4 million in this financial year.

During the financial year ended March 31, 2013, the global economic environment began to recover from the unfavorable market conditions experienced in the financial year ended March 31, 2012. With the objective to maintain our market share and maintain our inventory at a more reasonable level, we tried to adopt a more aggressive pricing strategy in low-end products. However, this pricing strategy did not have an obvious or immediate effect on the financial results of our discrete components. Although we maintained our market share in high-end products, the sales volume of discrete components decreased by approximately 12.0% to approximately 685.6 million pieces, and the revenue from discrete components decreased by approximately 10.9% to approximately HK$744.1 million during the financial year ended March 31, 2013. Although the average purchase cost of discrete components in this financial year increased slightly by approximately 2.4% to HK$0.986 per piece due to our focus on high-end products, under our aggressive pricing strategy, the average selling price of discrete components only increased to HK$1.085, representing a slight increase of approximately 1.2%, compared to the last financial year.

During the four months ended July 31, 2013, our average purchase cost and selling price for the discrete components remained stable compared to the same period in 2012. Due to the fact that a majority of the Toshiba components we distributed was discrete components, the transfer of Toshiba-related business to GW Electronics Company Limited contributed much to the decrease in both the sales volume and revenue of our discretes for the four months ended July 31, 2013. As such, the sales volume and revenue of discrete components during the four months ended July 31, 2013 decreased by approximately 8.9% and 8.7%, respectively, compared to the same period in 2012.

Passive and interconnecting components

Passive and interconnecting components are also major contributors to our revenue during the three financial years ended March 31, 2013 and the four months ended July 31, 2013. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, revenue from passive and interconnecting components accounted for approximately 37.8%, 37.6%, 39.2% and 41.0% of our turnover, respectively.

Affected by the worsening Eurozone crisis and the lackluster U.S. economy, during the financial year ended March 31, 2012, we faced intense competition in the electronic components industry, in particular, among the lower-end discrete components and passive and interconnecting components. In order to sustain our profit margin, we focused our engineering efforts on high-end products with higher profitability and avoid competition in low-end products. As a result, although the sales volume of passive and interconnecting components decreased by approximately 34.2% under the deteriorated market conditions, we gained more business of high-end products. This resulted in an increase in average selling price by approximately 30.0% and in average purchasing cost by approximately 30.9% in the financial year ended March 31, 2012. As a result, our revenue from passive and interconnecting components in the financial year ended March 31, 2012 decreased only moderately by approximately 14.5%, notwithstanding the significantly deteriorated market conditions.

In the financial year ended March 31, 2013, in light of the stablizing economic environment, we continued to put our engineering resources to support the high-end products and adopted an aggressive pricing strategy where we reduced the selling prices of some of our passive and interconnecting components with the intention to increase our market share. As a result, the quantity of passive and interconnecting components sold increased to approximately 9,298.8 million units, or approximately 23.9%, during the financial year ended March 31, 2013. Meanwhile, we successfully bargained with our principal suppliers to lower the average purchase cost in this product category. As such, the average cost of passive and interconnecting components products decreased by approximately 20.7% compared to the financial year ended March 31, 2012. At the same time, the average selling prices of our passive and interconnecting components products decreased by approximately 18.7%. As a result of this strategy, our revenue from passive and interconnecting components increased slightly by approximately 0.7% to HK$1,237.0 million, and our gross profit margin in this product category increased from approximately 8.5% to approximately 10.8% in the financial year March 31, 2013.

During the four months ended July 31, 2013, although both the average purchase cost and the average selling price of passive and interconnecting components displayed considerable decreases, however with the support from our engineering services we were able to boost our sales volume by a significant increase of 29.8%, from approximately 2,888.4 million pieces for the four months ended July 31, 2012 to approximately 3,749.0 million pieces for the four months ended July 31, 2013. Benefiting from the significant increase in our sales volume, our revenue of passive and interconnecting components for the four months ended July 31, 2013 sustained and slightly increased by approximately 1.1% compared to the four months ended July 31, 2012 despite the decrease in our average selling price.

As illustrated in the above discussions and tables, although the average purchase cost of our different product categories varied and fluctuated from time to time, we had generally been able to pass the increase in material costs to our customers and kept selling our products at the prices higher than their respective average purchase cost during the three financial years ended March 31, 2013 and the four months ended July 31, 2013. As such, we have managed to sustain our profit margins throughout this period, notwithstanding the fluctuating market conditions.

Revenue by Application Segments

The following table shows a breakdown of our revenue by application segments during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Application segments:										
Industrial	750,936	19.8%	745,923	22.9%	735,829	23.3%	244,196	22.1%	273,951	25.4%
Telecommunications	517,140	13.6%	478,318	14.6%	519,841	16.5%	172,170	15.6%	140,967	13.1%
Dealers	549,027	14.5%	439,722	13.5%	462,232	14.6%	145,904	13.2%	165,577	15.4%
Home appliances	332,160	8.7%	371,663	11.4%	365,537	11.6%	148,681	13.4%	121,380	11.3%
EMS	473,168	12.5%	306,342	9.4%	242,050	7.7%	93,954	8.5%	78,988	7.3%
Automotive	196,681	5.2%	187,632	5.7%	219,638	7.0%	74,754	6.7%	78,578	7.3%
Audio and video	512,584	13.5%	359,144	11.0%	316,654	10.0%	111,481	10.1%	113,920	10.6%
Lighting	224,536	5.9%	181,481	5.6%	149,406	4.7%	62,827	5.7%	50,953	4.7%
Others	240,888	6.3%	191,861	5.9%	146,410	4.6%	51,796	4.7%	52,252	4.9%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100.0%	1,076,566	100.0%

The following table sets out a further breakdown of our revenue by geographical location of our customers in our trading of electronic components business segment during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
							(unaudited)			
	(HK$ in thousands, except percentages)									
Geographic segments:										
Southern China Region (including Hong Kong)	2,526,349	66.5%	2,159,340	66.2%	1,951,577	61.8%	714,268	64.6%	669,466	62.2%
Northern China Region	1,159,348	30.5%	994,488	30.5%	1,079,915	34.2%	353,411	32.0%	377,484	35.0%
Taiwan	73,221	2.0%	84,049	2.6%	104,696	3.3%	28,162	2.5%	23,348	2.2%
Trading of electronic components	3,758,918	99.0%	3,237,877	99.3%	3,136,188	99.3%	1,095,871	99.1%	1,070,298	99.4%
Trading and designing integrated circuits:										
Trading and designing integrated circuits (before elimination)	75,775	2.0%	57,971	1.8%	53,953	1.7%	23,972	2.2%	20,039	1.9%
Elimination[(1)]	(37,573)	(1.0%)	(33,762)	(1.1%)	(32,544)	(1.0%)	(14,080)	(1.3%)	(13,771)	(1.3%)
Trading and designing integrated circuits (after elimination)	38,202	1.0%	24,209	0.7%	21,409	0.7%	9,892	0.9%	6,268	0.6%
Total	3,797,120	100.0%	3,262,086	100.0%	3,157,597	100.0%	1,105,763	100%	1,076,566	100%

Note:

(1) Elimination of inter-company transactions of trading and designing integrated circuits.

For better management of our sales network, we have divided our sales network geographically, based on where our customers are located in our trading of electronic components business segment, into three regions, namely, the Southern China Region (including Hong Kong), the Northern China Region and Taiwan, of which, sales from the Southern China Region (including Hong Kong) remained the largest contributor and accounted for approximately 66.5%, 66.2%, 61.8% and 62.2%, respectively, of our revenue during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013.

During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, our revenue was mainly generated from trading of electronic components in the PRC and Hong Kong, whose value accounted for approximately 97.0%, 96.7%, 96.0% and 97.2% of our revenue, respectively.

Cost of Sales

During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, cost of sales accounted for approximately 89.8%, 90.7%, 90.3% and 89.0% of our revenue, respectively. Our cost of sales primarily consists of material cost, transportation, and other direct costs. The following table sets out a breakdown of our cost of sales:

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
	(HK$ in thousands)				
Cost of sales:					
Material cost	3,395,108	2,944,934	2,838,344	992,343	952,382
Transportation costs	5,570	4,858	4,846	1,851	1,912
Declaration/Document fee	3,059	2,806	2,371	840	989
Bank charges	2,851	2,183	2,349	709	902
Royalty fee	2,448	1,917	1,297	717	603
Others	2,408	2,703	2,733	827	1,510
Total	3,411,444	2,959,401	2,851,940	997,287	958,298

The material cost accounted for approximately 99.5%, 99.5%, 99.5% and 99.4% of our total cost of sales during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013. The material cost principally consists of cost of products purchased from the suppliers. The price of the products we paid to the suppliers is determined by the suppliers and the price is updated periodically due to demand and supply of the products as well as foreign exchange rate fluctuations. The royalty fee was paid by some of the subsidiaries of ValenceTech Limited to third parties in relation to their development and sales of products utilizing third parties' proprietary technology. As disclosed in the sub-section headed "History, Development and Corporate Structure — Our Corporate History and Development — Acquisition of 60% indirect interest in ValenceTech Limited" in this Listing Document, the ValenceTech Group primarily engages in the design, development and marketing of standard and custom design analog, digital and mixed-signal ICs as well as LED driver ICs.

Gross Profit and Gross Profit Margin

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
							(unaudited)			
	(HK$ in thousands, except percentages)									
Business segments:										
Trading of electronic components	346,735	9.2%	274,433	8.5%	284,249	9.1%	97,014	8.9%	110,149	10.3%
Trading and designing integrated circuits	38,359	50.6%	29,147	50.3%	24,176	44.8%	11,873	49.5%	6,382	31.8%
Elimination[(1)]	582	—	(895)	—	(2,768)	—	(411)	—	1,737	—
Total	385,676	10.2%	302,685	9.3%	305,657	9.7%	108,476	9.8%	118,268	11.0%

Note:

(1) Elimination of unrealized profit on unsold stock from inter-company transactions.

Our gross profit, which is our revenue for the relevant period less our cost of sales, were approximately HK$385.7 million, HK$302.7 million, HK$305.7 million and HK$118.3 million for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, and our overall gross profit margins were approximately 10.2%, 9.3%, 9.7% and 11.0%, respectively. Generally, we were able to sustain our profit margins despite the severe competition in the electronic components distribution industry, primarily due to our ability to provide value-added services tailor-made to our customers' requirements. The following paragraphs set out an analysis of our overall gross profit and gross profit margin for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013.

Compared to our exceptionally strong performance in the financial year ended March 31, 2011, our gross profit for the first quarter in the financial year ended March 31, 2012 (following the Japanese earthquake and tsunami in March 2011) was considered satisfactory, as a result of increased orders by customers in anticipation of a global supply shortage of electronic components. However, this shortage recovered when production resumed a few months after the disaster. Unfortunately, this recovery also came at a time when customers stopped placing long-term orders and ceased many advance shipments due to the weak export market resulting from the worsening Eurozone crisis and the lackluster U.S. economy. In order to stay competitive in the electronic components market, which manifested an imbalance of demand and supply and intense price competition at that time, we implemented strategies including tightening control on all new orders we placed with our principal suppliers and offering competitive prices for our products. In order to maintain our inventory at a more reasonable level, we also adopted a more aggressive pricing strategy to expedite the clearance of our excess inventories. Owing to the combined effect of the above factors, our overall gross profit margin decreased by approximately 0.9% during the financial year ended March 31, 2012.

Our gross profit for the financial year ended March 31, 2012, increased from approximately HK$302.7 million to approximately HK$305.7 million for the financial year ended March 31, 2013, representing an increase of approximately HK$3.0 million, or 1.0%. The increase in our gross profit was primarily due to a decrease in our cost of sales. Our overall gross profit margin increased from approximately 9.3% for the financial year ended March 31, 2012 to approximately 9.7% for the financial year ended March 31, 2013. In the financial year ended March 31, 2012, there was an intense price pressure on the electronic components market due to the imbalance of demand and supply. However, during the financial year ended March 31, 2013, the market stabilized and, as a result, we were no longer required to continue to provide aggressive pricing to adjust our inventory level and thus our gross profit margin increased to approximately 9.7% for the year ended March 31, 2013.

Our gross profit increased from approximately HK$108.5 million for the four months ended July 31, 2012 to approximately HK$118.3 million for the four months ended July 31, 2013, representing an increase of approximately 9.0%. Meanwhile, our gross profit margin for the four months ended July 31, 2013 was approximately 11.0% compared to approximately 9.8% of the same period in 2012. The increase in our gross profit and gross profit margin was primarily due to (i) the improvement of our stock quality during the period owing to stabilizing market conditions where we were no longer required to offer highly competitive pricing for clearance of our inventories; (ii) the modification of the incentive scheme offered by one of our major principal suppliers, where under the modified scheme we recorded our incentive award for the calendar year 2012 in the four months ended July 31, 2013 which amounted to approximately HK$4.2 million; and (iii) the increase in gross profit and gross profit margin of our passive and interconnecting components, which increased by approximately 28.8% and 2.8%, respectively, during the four months ended July 31, 2013 for reasons explained in the sub-section headed "— Gross Profit and Gross Profit Margin by Product Categories" in this section. Although the gross profit and gross profit margin of our trading and designing integrated circuits segment demonstrated a considerable decrease during the period, it had minimum impact on our overall gross profit and gross profit margin as the revenue derived from this segment constituted only 0.6% of our total revenue for the period.

The following paragraphs set out a more in-depth analysis of our gross profit and gross profit margin by (i) business segments, (ii) product categories, (iii) application segments, and (iv) geographic regions.

Gross Profit and Gross Profit Margin by Business Segments

The gross profit for the trading of electronic components segment decreased from approximately HK$346.7 million for the financial year ended March 31, 2011 to approximately HK$274.4 million for the financial year ended March 31, 2012 and increased slightly to approximately HK$284.2 million for the financial year ended March 31, 2013. For the four months ended July 31, 2013, our gross profit for the trading of electronic components segment increased to approximately HK$110.1 million from approximately HK$97.0 million for the same period in 2012. Meanwhile we sustained relatively stable overall gross profit margins for the trading of electronic components segment at approximately 9.2%, 8.5%, 9.1% and 10.3% for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively. The fluctuation in the gross profit margin of the trading of electronic components segment was caused primarily by the combined effect of movements

in some of our product categories and application segments. Please refer to the sub-sections headed "— Gross Profit and Gross Profit Margin by Product Categories" and "— Gross Profit and Gross Profit Margin by Application Segments" in this section for more information.

The gross profit margins for the trading and designing integrated circuits segment, which were approximately 50.6%, 50.3%, 44.8% and 31.8% for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively, were consistently and considerably higher than those of the trading of electronic components segment during the same periods. As ValenceTech Group possessed distinct proprietary know-how as to the design and development of standard and custom ICs, it was able to enjoy a higher profit margin in the products it developed and sold. For the four months ended July 31, 2013, the gross profit margin decreased from approximately 49.5% in the same period in 2012 to approximately 31.8%, primarily due to the rather weak demand for the smartphone audio docking solutions that ValenceTech Group developed.

Gross Profit and Gross Profit Margin by Product Categories

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
							(unaudited)			
	(HK$ in thousands, except percentages)									
Product categories:										
Active components:										
Integrated circuits	149,252	10.3%	113,022	9.4%	104,331	8.9%	39,409	9.7%	37,725	9.5%
Discrete components ...	105,866	11.5%	85,554	10.2%	67,916	9.1%	24,390	9.3%	23,006	9.6%
Passive and interconnecting components	130,558	9.1%	104,109	8.5%	133,410	10.8%	44,677	10.2%	57,537	13.0%
Total.....	385,676	10.2%	302,685	9.3%	305,657	9.7%	108,476	9.8%	118,268	11.0%

Among active components, the gross profit margins for ICs were approximately 10.3%, 9.4%, 8.9% and 9.5%, respectively, for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013. The decrease in the gross profit margin for ICs from approximately 10.3% for the financial year ended March 31, 2011 to approximately 9.4% for the year ended March 31, 2012 was in line with the decrease in our overall gross profit margin, which was primarily due to the clearance of our excess inventories during the financial year ended March 31, 2012 as explained above in the sub-section "— Gross Profit and Gross Profit Margin". For the financial year ended March 31, 2013, the gross profit margin for ICs further decreased by 0.5% to approximately 8.9%, which was primarily due to our offering of more competitive pricing during this financial year in response to the intense price competition in the active components market. For discrete components, the gross profit margins were approximately 11.5%, 10.2%, 9.1% and 9.6% for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013. For similar reasons that affected the gross profit margins of ICs, the gross profit margin of discrete components decreased from approximately 11.5% to approximately 10.2% for the year ended

March 31, 2012, and further decreased to approximately 9.1% for the year ended March 31, 2013. For the four months ended July 31, 2013, our gross profit margins of ICs and discretes remained stable compared to the same period in 2012. The gross profit margin of discrete components was generally slightly higher than that of ICs, which was partly due to the fact that we would normally face a higher degree of price competition on our ICs due to their higher unit price and significance in the circuitry, while for discrete components, we could enjoy a higher degree of flexibility in terms of pricing.

The gross profit margins of passive and interconnecting components were approximately 9.1% and 8.5% for the financial years ended March 31, 2011 and 2012, respectively. This decrease was in line with the decrease in our overall profit margin. For the year ended March 31, 2013, the gross profit margin of this category increased to approximately 10.8% due to the increases in the profit margins of ACFs, sensors and modules. For the four months ended July 31, 2013 compared to the same period in 2012, our gross profit margin increased considerably by 2.8% to approximately 13.0%. The improvement of our gross profit margin was primarily due to our principal suppliers' recognition of our value-added services to their products, our commitment to provide engineering solutions services and our strategy to increase the market share of our passive and interconnecting components, which provided us with more favorable purchasing prices of their products and thus giving us higher margins even when the average selling prices had decreased during the period. It is strategically significant to us that we were able to maintain a higher profit margin among the lower-priced products in order to cover our fixed costs in warehousing and logistics.

Gross Profit and Gross Profit Margin by Application Segments

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
							(unaudited)			
	(HK$ in thousands, except percentages)									
Application segments:										
Industrial	72,934	9.7%	61,625	8.3%	64,023	8.7%	20,425	8.4%	30,836	11.3%
Telecommunications	53,198	10.3%	40,818	8.5%	60,875	11.7%	19,186	11.1%	17,803	12.6%
Dealers	55,924	10.2%	33,470	7.6%	30,685	6.6%	10,940	7.5%	11,173	6.7%
Home appliances	30,063	9.1%	29,314	7.9%	31,601	8.6%	11,359	7.6%	12,491	10.3%
EMS	30,248	6.4%	22,803	7.4%	18,523	7.7%	7,380	7.9%	6,863	8.7%
Automotive	17,997	9.2%	15,786	8.4%	16,730	7.6%	5,865	7.8%	7,699	9.8%
Audio and video	78,045	15.2%	58,938	16.4%	49,808	15.7%	20,313	18.2%	17,847	15.7%
Lighting	25,412	11.3%	21,440	11.8%	15,908	10.6%	6,806	10.8%	6,602	13.0%
Others	21,855	9.1%	18,491	9.6%	17,504	12.0%	6,202	12.0%	6,954	13.3%
Total	385,676	10.2%	302,685	9.3%	305,657	9.7%	108,476	9.8%	118,268	11.0%

For the financial year ended March 31, 2012, our gross profit margin decreased by 0.9% to approximately 9.3% compared to the financial year ended March 31, 2011. In certain volatile and highly competitive application segments, including industrial, telecommunications, home appliances as well as our sales to the dealers, the decrease was more than average for reasons explained below. In the industrial, home appliances and dealers segments, as the overall market conditions worsened, we adopted a more aggressive pricing strategy by lowering our profit margin in these segments, in order to maintain our market share as well as to clear the excess inventories. In the sales to dealers segment, our profit margin further decreased by 1.0% from 7.6% for the financial year ended March 31, 2012 to approximately 6.6% for the financial year ended March 31, 2013, as we offered more packaged deals to dealers in order to maintain our market share in this segment. As for the telecommunications segment, due to the fact that (i) this segment was very price sensitive and exposed to significant pressure to reduce price, and (ii) the telecommunications components generally have a short product life cycle that forced us to accelerate our clearance of inventories, our gross profit margin for this segment thus decreased by 1.8% from 10.3% for the financial year ended March 31, 2011 to approximately 8.5% for the financial year ended March 31, 2012. However for the financial year ended March 31, 2013, since there was a significant market expansion in terms of sales of smartphones and we made less inventory adjustment during this financial year, our gross profit margin for the telecommunications segment increased by 3.2% to approximately 11.7% from 8.5% for the financial year ended March 31, 2012, contributing to an increase in our overall gross profit margin to approximately 9.7% for the financial year ended March 31, 2013.

In other application segments, such as audio and video, automotive, EMS and lighting segments, we were able to maintain our profit margins without significant fluctuations throughout the three financial years ended March 31, 2013. In the audio and video segment, our gross profit margin has been considerably higher than other segments, primarily due to the design and solution services provided to our customers. Our profit margin for the audio and video segment decreased from 16.4% for the financial year ended March 31, 2012 to approximately 15.7% for the financial year ended March 31, 2013. The decrease was partly due to the change of the smartphone docking connector of a significant end-product manufacturer, which resulted in many audio docking related projects being suspended until September 2012. In the EMS segment, our profit margins had been increasing during the three financial years ended March 31, 2013, which was primarily due to the phasing out of a telecommunications project that yielded low profit margins. For the year ended March 31, 2013, our profit margin for the automotive segment was lower than that for the financial year ended March 31, 2012, primarily due to our strategy of providing more price competitive products bundled with engineering solutions in order to increase our sales volume and market share, which proved to be effective as demonstrated by our increased revenue from this segment. Meanwhile, the decrease in profit margin for the lighting segment from approximately 11.8% for the financial year ended March 31, 2012 to approximately 10.6% for the financial year ended March 31, 2013 was primarily due to the decrease in demand for our traditional lighting products and the immature LED market.

For the four months ended July 31, 2013, a majority of our market segments demonstrated improved gross profit margins compared to the same period in 2012. Among all our market segments, the industrial segment and the automotive segment remained as our key segments, benefiting from our strategy of enhancing the engineering solution services in these segments which successfully boosted the gross profit margins of these segments by approximately 2.9% and 2.0%, respectively. Our principal suppliers recognized our engineering efforts in these segments and thus provided us with

incentive programs with more favorable terms. In addition, there were considerable improvements in the gross profit margin of the home appliances segment and the lighting segment as well. The gross profit margin of home appliances segment increased by approximately 2.7% while that of lighting segment increased by 2.2%, which was primarily due to our strategy of focusing more on high-end products that yielded higher gross profit margin, together with the incentive award we received from the modified incentive program by one of our principal suppliers, under which we recorded our incentive award for the calendar year 2012 in the four months ended July 31, 2013. Regarding the telecommunication, EMS and other application segments, due to overall improvement in our stock quality, we recorded mild increases in the gross profit margins, being approximately 1.5%, 0.8% and 1.3%, respectively. On the other hand, the audio and video segment was negatively affected by the soft demand for the smartphone audio docking products developed by ValenceTech Group, resulting in a decrease in the gross profit margin of approximately 2.5% for the segment. Meanwhile the dealers segment experienced a decrease in the gross profit margin of approximately 0.8%, which was primarily due to the increasing amount of package deals available from our principal suppliers to the dealers that carried a slimmer gross profit margin for us, yet effectively increased our sales revenue in this segment during the four months ended July 31, 2013.

Gross Profit and Gross Profit Margin by Geographic Regions

	Financial Year Ended March 31,						Four Months Ended July 31,			
	2011		2012		2013		2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
							(unaudited)			
	(HK$ in thousands, except percentages)									
Geographic regions (Trading of electronic components):										
Southern China Region	239,674	9.5%	187,986	8.7%	180,661	9.3%	67,052	9.4%	64,957	9.7%
Northern China Region	100,057	8.6%	77,255	7.8%	90,142	8.3%	26,144	7.4%	42,006	11.1%
Taiwan	7,004	9.6%	9,192	10.9%	13,446	12.8%	3,818	13.6%	3,186	13.6%
Total	346,735	9.2%	274,433	8.5%	284,249	9.1%	97,014	8.9%	110,149	10.3%

The gross profit margins of our operations in the Southern China Region were approximately 9.5%, 8.7%, 9.3% and 9.7%, respectively, for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, while the gross profit margins of our operations in the Northern China Region were approximately 8.6%, 7.8%, 8.3% and 11.1%, respectively, for the same periods. The movement of the profit margins was generally in line with the fluctuation in the overall gross profit margin. Comparing the performance of our geographic regions, our operations in the Southern China Region had been yielding a higher return and enjoying higher gross profit margin than the Northern China Region during the three financial years ended March 31, 2013. The difference in performance was attributable to the fact that the Northern China Region comprised more local China manufacturers, while a majority of our customers in the Southern China Region were in the export business for international electronics brand names, for which our experience was more appreciated. During the three financial years ended March 31, 2011, 2012 and 2013 and the

four months ended July 31, 2013, owing to the high volatility of the market and the impact of various government's policies, we believe that the export oriented business of many customers in the Southern China Region and their businesses with international brands gave them stronger sustainability. Furthermore, the market in the Southern China Region was more mature and developed in terms of pricing policy and stock buffering strategy, which enabled us to have more flexibility and better control on our operations. Conversely, as we were still in the progress of expanding and fine-tuning our penetration into the Northern China Region, the profit margin of this region was therefore lower. The Northern China Region recorded a significant increase in gross profit margin from approximately 7.4% in the same period in 2012 to approximately 11.1% for the four months ended July 31, 2013, which was primarily due to the modification of the incentive scheme offered by one of our major principal suppliers that effectively lowered our cost of sales attributable to the Northern China Region and thus boosted our gross profit margin.

Regarding our operations in Taiwan, the gross profit margin has been increasing, from approximately 9.6% for the financial year ended March 31, 2011, to approximately 10.9% for the financial year ended March 31, 2012, and further increased to approximately 12.8% for the financial year ended March 31, 2013. For the four months ended July 31, 2012 and 2013, our gross profit margin remained stable at approximately 13.6%. During the three financial years ended March 31, 2013, we secured a few key projects in the telecommunications segment that yielded higher-than-average profit margins. Since the scale of our business in Taiwan was relatively small, these projects constituted a significant proportion of our revenue in Taiwan. Owing to the higher gross profit margins of these projects, our overall profit margin for the Taiwan region had been on the rise during the three financial years ended March 31, 2013.

Going forward, we intend to sustain our profit margins by (i) enhancing our engineering solution services; (ii) expanding our presence in the PRC; and (iii) continuously improving our inventory management to achieve a higher inventory quality.

Our strategy of providing value-added services to suit our customers' requirements has always been an important factor in our continued growth. We intend to enhance our engineering solutions to expand the range of services we provide, particularly in the fast-growing application segments such as industrial, automotive, home appliances and telecommunications. We also intend to provide more engineering solutions targeting at new electronic applications across various segments, supported by our increasing investments in our engineering teams. By strengthening our inter-departmental cooperation, we intend to keep our market intelligence up-to-date in order for our application and development engineers to introduce new designs and solutions that would bring a higher profit margin for us.

We are one of the pioneering distributors to have penetrated the PRC electronic components market and we intend to further strengthen our presence in the PRC to capture any future growth opportunities brought by the maturing PRC market. We have plans to further expand our sales and technical support network to areas particularly in the central and northeastern PRC where we currently do not have sufficient coverage. We have observed that the migration of manufacturing bases from coastal areas to the inland interior of China has resulted in rapid growths in these regions. We believe our expansion into such inner PRC regions will enable us to sustain our profit margins.

As a distributor, having a comprehensive and effective inventory management system is crucial to our operation and financial performance. During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, we have seen improvements in our gross profit margins due to our higher inventory quality. In order to maintain our inventory at a healthy level, we intend to put more effort and resources in strengthening our inventory management system to better respond to our customers' needs and the market conditions in a timely manner. Leveraging on our established relationship with our principal suppliers and customers, we expect to manage our inventory in a more effective and efficient way so that our profit margins could be sustained.

Other Operating Income

Other operating income comprises principally interest income derived from our bank deposits in interest bearing bank accounts at commercial banks, management fee income, PRC tax rebate and others. Management fee refers to (i) the service fee paid by certain principal suppliers for hiring of application engineers dedicated to providing technical support and market development for certain products made by these principal suppliers; and (ii) the management fee paid by a newly established associate, GW Electronics Company Limited, for the technical and consulting services that we provided during the process of the establishment of GW Electronics Company Limited. The PRC tax rebate was approved by the PRC government and it is usually granted in the following year after value-added tax payment made during the financial year is finalized.

Other operating income represented approximately 0.1%, 0.1%, 0.1% and 0.1% of our revenue for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013, respectively.

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
			(HK$ in thousands)		
Other operating income:					
Interest income from bank deposits	1,314	1,662	2,314	511	423
Management fee income	757	649	762	149	154
PRC tax rebate	959	1,398	822	—	198
Others	738	537	737	41	360
Total	3,768	4,246	4,635	701	1,135

Distribution Costs

Our distribution costs primarily consist of staff incentives, commission paid, entertainment expenses, overseas travelling, transportation and other expenditures related to our sales and marketing. Distribution costs represented approximately 1.3%, 1.2%, 1.0% and 1.2% of our revenue for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively.

Set out below is the breakdown of our distribution costs during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013.

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
			(HK$ in thousands)		
Distribution costs:					
Staff incentives	23,140	14,951	3,014	(2,182)	3,474
Commission paid	1,623	642	1,654	579	1,226
Entertainment	6,402	5,631	5,951	1,866	2,108
Overseas travelling	7,174	7,910	8,051	2,694	2,900
Transportation	8,404	8,371	8,786	2,997	2,723
Others	4,119	1,516	2,656	868	984
Total	50,862	39,021	30,112	6,822	13,415

Staff incentives refer to the incentive payments distributed by us to our sales and marketing staff according to the economic environment and our performance during each financial year. At the beginning of each financial period, with reference to our performance in the preceding financial period, the management set the performance targets and made provision for staff incentive payments. At the next financial period, the provisioned amount is then adjusted with reference to the actual staff incentive payments made. The negative staff incentive recorded during the four months ended July 31, 2012 was a result of such adjustment against over-provision that was made in the financial year ended March 31, 2012. Commission refers to the trade rebate or commission paid to our customers for selling and marketing activities of our products during promotional periods. Other expenses primarily comprise warehouse rent and management fee, packing expenses, bank charges, company search expenses, sampling and reversal/provision of sales claim. During the financial year ended March 31, 2011, we received a complaint from a customer on a batch of products that was considered to be defective by the customer. At that time, in view of potential dispute, we adopted a conservative approach and made a provision of approximately HK$1.1 million on the possible compensation for defective products. However, no claim was made by our customer and our management reversed that provision during the financial year ended March 31, 2012.

Administrative Expenses

Our administrative expenses primarily consist of staff related costs, research and development expenses, rent and rates, factoring and debtor insurance charges, depreciation and others. Staff related costs include salaries, bonus, MPF contribution, staff training and other general staff benefits such as quarters and entertainment. Research and development expenses principally relate to the salaries of our technical personnel and engineers. Rent and rates represent the rent and rates paid for warehouse, office and staff quarter. Factoring and debtor insurance charges refer to the bank charges incurred through the arrangements of factoring and charges relate to debtor insurance during the respective financial year. Factoring and debtor insurance charges were incurred due to the fact that factorings have been arranged during the financial year ended March 31, 2011, however as of March 31, 2011

the factored receivables have been collected and thus none of the trade receivables was factored. The factoring of trade receivables was without recourse and the total amount of factored trade receivables was approximately US$2.7 million for the financial year ended March 31, 2011. Debtor insurance charges were incurred for the three financial years ended March 31, 2013 as we have entered into debtor insurance arrangements for protection of our trade receivables. Other expenses primarily include motor expenses, insurance, legal and professional fee, audit fee, utility expenses, office management fee, repair and maintenance and other sundry expenses.

Administrative expenses represented approximately 5.4%, 6.6%, 6.9% and 6.6% of our revenue for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013, respectively.

Set out below is the breakdown of our administrative expenses during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
	(HK$ in thousands)				
Administrative expenses:					
Staff related costs	132,389	137,142	138,487	45,161	45,320
Research and development expenses	21,341	23,294	24,420	8,306	8,015
Rent and rates	11,466	10,718	10,814	3,732	3,453
Factoring and debtor insurance charge	1,049	54	194	81	—
Depreciation	8,628	11,723	12,250	4,121	3,911
Others	32,059	33,097	31,771	11,319	10,545
Total	206,932	216,028	217,936	72,720	71,244

Listing Expenses

We expect our total listing expenses, which are non-recurring in nature, to amount to approximately HK$26.0 million. The listing expenses are payable by our Company. We expect to recognize the full amount of the listing expenses in the statement of comprehensive income for the financial year ending March 31, 2014. During the four months ended July 31, 2013, listing expenses of approximately HK$10.3 million were recognized. Our Directors would like to emphasize that the listing expenses are a current estimate for reference only and the actual amount to be recognized is subject to adjustment based on audit and the changes in variables and assumptions.

Share of Profit of Associates

In November 2012, our Group and G.M.I. (a company listed on the TWSE specializing in the distribution of electronic components and an independent third party) entered into an agreement to establish a limited liability company named GW Electronics Company Limited in Hong Kong to engage in the distribution of electronic components in the PRC and Hong Kong. Pursuant to the agreement, GW Electronics Company Limited is held as to 49% indirectly by our Company and 51% indirectly by G.M.I. GW Electronics Company Limited started operations in January 2013 and it is an associate of our Company. Share of profit of associates refers to the share of the profit and loss from our associates, GW Electronics Company Limited and its subsidiaries.

The share of profit of associates were approximately nil, nil, HK$0.8 million and HK$2.7 million for each of the financial years ended March 2011, 2012 and 2013 and the four months ended July 31, 2013, which represented approximately 0.0%, 0.0%, 0.0% and 0.3% of our revenue, respectively.

Other Gains and Losses

Our other gains and losses primarily include gain or loss of foreign exchange translations, changes in fair value of financial instruments and reversal of, or allowance for, doubtful trade receivables. Further information of our derivative financial instruments is discussed in the sub-section headed "— Contingent Liabilities — Interest rate swaps" in this section.

Set out below is the breakdown of our other gains and losses during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2012 and 2013:

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
		(HK$ in thousands)			
Other gains and losses:					
Net foreign exchange (loss) gain ...	(1,765)	4,828	382	(5,899)	3,961
Net gain (loss) on fair value changes of derivative financial instruments	3,799	(736)	1,607	686	897
(Allowance for) reversal of doubtful trade receivables	(10,081)	15,240	5,537	(120)	(6,800)
Others	(6)	206	97	—	—
Total.....	(8,053)	19,538	7,623	(5,333)	(1,942)

We monitor our trade receivables closely and regularly. Our Directors are of the opinion that the trade receivables that are neither past due nor impaired at the end of each reporting period are of good credit quality. During the three financial years ended March 31, 2013 and the four months ended July

31, 2013, our management estimated the allowance for doubtful trade receivables based on a number of factors, including a specific review of customer accounts and an evaluation of the amounts expected to be recovered with reference to past collection experience, current economic and business conditions and other relevant information. During the financial year ended March 31, 2011, we had made impairment allowance amounting to approximately HK$10.1 million, of which approximately HK$3.3 million had been written off against trade receivables. The significant amount of impairment allowance for the financial year ended March 31, 2011 was in line with the relatively high revenue during the same period. In light of the good credit quality of our customers, increased efficiency in our collection efforts and a stable collection of trade receivables during the two financial years ended March 31, 2012 and 2013, we recorded a reversal of allowance of approximately HK$15.2 million and HK$5.5 million, respectively, upon subsequent collection in the same periods. The amounts written off as uncollectible were approximately HK$0.6 million and HK$0.6 million, respectively, during the two financial years ended March 31, 2012 and 2013. The increased amount of impairment allowance from approximately HK$0.1 million for the four months ended July 31, 2012 to HK$6.8 million for the four months ended July 31, 2013 was primarily due to the slow collection of trade receivables from one of our customers where full provision is made on such aged debt. Our Directors are of the view that our allowances for doubtful debt are adequate.

Finance Costs

Our finance costs represent interest expenses on bank borrowings and trust receipt loans. For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, finance costs amounted to approximately HK$13.5 million, HK$15.5 million, HK$16.2 million and HK$5.0 million, represented approximately 0.4%, 0.5%, 0.5% and 0.5% of our revenue, respectively.

The weighted annual effective interest rates for our borrowings during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013 were approximately 3.1%, 3.8%, 2.8% to 3.1% and 2.7% to 2.9%, respectively. The effective interest rates for our trust receipt loans ranged from 1.1% to 2.1%, 1.4% to 3.9%, 1.8% to 3.0% and 1.9% to 2.8%, respectively, for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013.

Income Tax Expense

Income tax expense principally represents amounts of current income tax paid or payable by us, at the applicable tax rates in accordance with the relevant laws and regulations in Hong Kong, the PRC and Taiwan. The statutory income tax rate in Hong Kong was 16.5% for the three financial years ended March 31, 2013 and the four months ended July 31, 2013, while the statutory enterprise income tax rate in the PRC for the three financial years ended March 31, 2013 and the four months ended July 31, 2013 was 25%. The tax rate of our Taiwan subsidiary was 17%.

For each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, our income tax expense amounted to approximately HK$22.2 million, HK$13.1 million, HK$13.1 million and HK$6.4 million, representing approximately 0.6%, 0.4%, 0.4% and 0.6% of our revenue, respectively. During each of the three financial years ended March 31, 2011,

2012 and 2013 and the four months ended July 31, 2013, our effective tax rates calculated based on the tax charged to our consolidated income statement over the profit before tax (excluding listing expenses and share of profit of associates) were approximately 20.2%, 23.5%, 24.5% and 22.9%, respectively.

Net Profit

Net profit margin for the period is calculated by dividing the net profit attributable to shareholders of our Company by revenue. In each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, our net profit attributable to shareholders of our Company were approximately HK$86.0 million, HK$44.5 million, HK$45.8 million and HK$15.0 million and our net profit margins were approximately 2.3%, 1.4%, 1.5% and 1.4%, respectively.

Sensitivity Analysis — Material Cost

During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, the major component of our cost of sales was the material cost of the electronic components we purchased from our principal suppliers. Fluctuation in the material cost could affect our selling price and profit margin, thus indirectly affect our operating profits. As described in the sub-section headed "— Factors Affecting Our Results of Operations and Financial Condition" in this section, we were dependent on our principal suppliers who could considerably influence our material cost during the three financial years ended March 31, 2013 and the four months ended July 31, 2013.

The following sensitivity analysis, Scenario A, illustrates the impact of hypothetical fluctuations in our material cost on our cost of sales, gross profit, profit before tax and profit for the year assuming all other factors affecting our profit remain unchanged. Fluctuations are assumed to be 10%, 20% and 30% during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, which correspond to the range of historical fluctuations of our material cost during each of the three financial year ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013.

(a) Scenario A — Assuming we were unable to transfer fluctuations in material cost to our customers

	Financial Year Ended March 31,									Four Months Ended July 31,		
	2011			2012			2013			2013		
	(HK$ in thousands, except percentages)											
Hypothetical fluctuations:												
- Change in material cost	**±10%**	**±20%**	**±30%**	**±10%**	**±20%**	**±30%**	**±10%**	**±20%**	**±30%**	**±10%**	**±20%**	**±30%**
Change in cost of sales	±341,144	±682,289	±1,023,433	±295,940	±591,880	±887,820	±285,194	±570,388	±855,582	±95,830	±191,660	±287,489
Change in gross profit	∓341,144	∓682,289	∓1,023,433	∓295,940	∓591,880	∓887,820	∓285,194	∓570,388	∓855,582	∓95,830	∓191,660	∓287,489
Change in profit before tax	∓341,144	∓682,289	∓1,023,433	∓295,940	∓591,880	∓887,820	∓285,194	∓570,388	∓855,582	∓95,830	∓191,660	∓287,489
Change in profit for the year	∓272,308	∓544,617	∓816,926	∓226,426	∓452,851	∓679,277	∓215,303	∓430,607	∓645,910	∓73,863	∓147,726	∓221,589

However, our Directors are of the view that Scenario A was in fact unlikely to occur, since, in the event of an increase in material cost, we were generally able to transfer a majority of the price increase to our customers, and vice versa. During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, as our material cost fluctuated, our selling price adjusted correspondingly in the same direction to transfer part of the fluctuations to our customers. On average, we would bear approximately 3% of any price fluctuations, while the remaining 97% could be transferred to our customers as seen from our historical sales figures. Occasionally though, we would have to bear a higher percentage of the fluctuations in the event of intense competition. However due to our established relationship with our customers and principal suppliers, we were generally able to minimize such profit erosion.

As such, we have adjusted the above sensitivity analysis to better reflect the impact of fluctuations in material cost on our profits, presented as the Scenario B analysis below. The Scenario B analysis illustrates the combined impact of hypothetical fluctuations in our material cost, together with the corresponding change in revenue as the fluctuation is transferred, on our cost of sales, gross profit, profit before tax and profit for the financial year assuming all other factors affecting our profit remain unchanged. Fluctuations are assumed to be 5%, 10%, 15%, 20%, 25% and 30% during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, which are commensurate with the range of historical fluctuations of our material cost during the three financial years ended March 31, 2013 and the four months ended July 31, 2013. For illustrative purposes, we have included the breakeven percentage alongside the sensitivity analysis, which indicates that we would have recorded a breakeven in our profit for the year if the material cost increased by approximately 107.5%, 62.9%, 63.9% and 63.1%, respectively, for each of the three financial years ended March 31, 2013 and the four months ended July 31, 2013. It is also assumed that our material cost reflects the market price of the electronic components such that any increase in the material cost and thus our selling price would not lead to any loss of customers in our customer base.

(b) Scenario B — Assuming we were able to transfer fluctuations in our material cost to our customers

Impact on certain consolidated income statement items for the financial year ended March 31, 2011

Hypothetical fluctuations:	**(HK$ in thousands, except percentages)**						
- Change in material cost	**±5%**	**±10%**	**±15%**	**±20%**	**±25%**	**±30%**	**+107.5%**
- Change in revenue	**±4.85%**	**±9.70%**	**±14.55%**	**±19.40%**	**±24.25%**	**±29.10%**	**+104.29%**
Change in revenue	±165,455	±330,910	±496,365	±661,820	±827,275	±992,730	+3,557,912
Change in cost of sales	±170,572	±341,144	±511,717	±682,289	±852,861	±1,023,433	+3,667,950
Change in gross profit.....	∓5,117	∓10,234	∓15,352	∓20,469	∓25,586	∓30,703	-110,038
Change in profit before tax ...	∓5,117	∓10,234	∓15,352	∓20,469	∓25,586	∓30,703	-110,038
Change in profit for the year.	∓4,084	∓8,169	∓12,254	∓16,339	∓20,423	∓24,508	-87,835

Impact on certain consolidated income statement items for the financial year ended March 31, 2012

Hypothetical fluctuations:	**(HK$ in thousands, except percentages)**						
- Change in material cost	**±5%**	**±10%**	**±15%**	**±20%**	**±25%**	**±30%**	**+62.9%**
- Change in revenue	**±4.85%**	**±9.70%**	**±14.55%**	**±19.40%**	**±24.25%**	**±29.10%**	**+61.05%**
Change in revenue	±143,531	±287,062	±430,593	±574,124	±717,655	±861,186	+1,806,768
Change in cost of sales	±147,970	±295,940	±443,910	±591,880	±739,850	±887,820	+1,862,647
Change in gross profit	∓4,439	∓8,878	∓13,317	∓17,756	∓22,195	∓26,634	-55,879
Change in profit before tax	∓4,439	∓8,878	∓13,317	∓17,756	∓22,195	∓26,634	-55,879
Change in profit for the year	∓3,396	∓6,793	∓10,189	∓13,585	∓16,982	∓20,378	-42,753

Impact on certain consolidated income statement items for the financial year ended March 31, 2013

Hypothetical fluctuations:	**(HK$ in thousands, except percentages)**						
- Change in material cost	**±5%**	**±10%**	**±15%**	**±20%**	**±25%**	**±30%**	**+63.9%**
- Change in revenue	**±4.85%**	**±9.70%**	**±14.55%**	**±19.40%**	**±24.25%**	**±29.10%**	**+62.02%**
Change in revenue	±138,319	±276,638	±414,957	±553,276	±691,595	±829,915	+1,768,825
Change in cost of sales	±142,597	±285,194	±427,791	±570,388	±712,985	±855,582	+1,823,530
Change in gross profit	∓4,278	∓8,556	∓12,834	∓17,112	∓21,390	∓25,667	-54,705
Change in profit before tax	∓4,278	∓8,556	∓12,834	∓17,112	∓21,390	∓25,667	-54,705
Change in profit for the year	∓3,230	∓6,459	∓9,689	∓12,918	∓16,148	∓19,377	-41,299

Impact on certain consolidated income statement items for the four months ended July 31, 2013

Hypothetical fluctuations:	**(HK$ in thousands, except percentages)**						
- Change in material cost	**±5%**	**±10%**	**±15%**	**±20%**	**±25%**	**±30%**	**+63.1%**
- Change in revenue	**±4.85%**	**±9.70%**	**±14.55%**	**±19.40%**	**±24.25%**	**±29.10%**	**+61.2%**
Change in revenue	±46,477	±92,955	±139,432	±185,910	±232,387	±278,865	+586,499
Change in cost of sales	±47,915	±95,830	±143,745	±191,660	±239,575	±287,489	+604,638
Change in gross profit	∓1,438	∓2,875	∓4,313	∓5,750	∓7,188	∓8,624	-18,139
Change in profit before tax	∓1,438	∓2,875	∓4,313	∓5,750	∓7,188	∓8,624	-18,139
Change in profit for the year	∓1,108	∓2,216	∓3,324	∓4,432	∓5,540	∓6,647	-13,981

Sensitivity Analysis — Average Selling Price

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our average selling price on our revenue, gross profit, profit before tax and profit for the year assuming all other factors affecting our profit remain unchanged. Fluctuations are assumed to be 10%, 20% and 30% during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, which correspond to the range of historical fluctuations of our average

selling price during each of the three financial year ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013. For illustrative purposes only, if the average selling price decreased while our material cost remained unchanged, which our Directors considered to be highly unlikely, we would have recorded a breakeven in our profit for the year if the average selling price decreased by approximately 2.9%, 1.7%, 1.7% and 1.7%, respectively, for each of the three financial years ended March 31, 2013 and the four months ended July 31, 2013.

	Financial Year Ended March 31,												Four Months Ended July 31,			
	2011				2012				2013				2013			
Hypothetical fluctuations:	(HK$ in thousands, except percentages)															
- Change in average selling price	±10%	±20%	±30%	-2.9%	±10%	±20%	±30%	-1.7%	±10%	±20%	±30%	-1.7%	±10%	±20%	±30%	-1.7%
Change in revenue	±379,712	±759,424	±1,139,136	-110,039	±326,209	±652,417	±978,626	-55,878	±315,760	±631,519	±947,279	-54,705	±107,657	±215,313	±322,970	-18,139
Change in gross profit	±379,712	±759,424	±1,139,136	-110,039	±326,209	±652,417	±978,626	-55,878	±315,760	±631,519	±947,279	-54,705	±107,657	±215,313	±322,970	-18,139
Change in profit before tax	±379,712	±759,424	±1,139,136	-110,039	±326,209	±652,417	±978,626	-55,878	±315,760	±631,519	±947,279	-54,705	±107,657	±215,313	±322,970	-18,139
Change in profit for the year	±303,094	±606,188	±909,282	-87,835	±249,584	±499,168	±748,753	-42,753	±238,379	±476,757	±715,136	-41,297	±82,979	±165,957	±248,936	-13,981

Sensitivity Analysis — Foreign Currency

Our net profit from period to period is subject to fluctuations in United States dollars, Hong Kong dollars and Japanese yen against the functional currencies of each of our entities.

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each of our entities. If the relevant foreign currency weakens by 5% against the functional currency of each of our entities, post-tax profit for the indicated periods will increase (decrease) by:

	Financial Year Ended March 31,			Four Months Ended July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Foreign currency sensitivity:				
United States dollars[(1)]	5,504	3,575	4,249	5,441
Hong Kong dollars[(1)]	2,432	1,835	2,183	2,604
Japanese yen[(2)]	1,289	823	467	739
Renminbi[(3)]	(152)	(54)	(136)	(97)
Euro	(42)	5	(9)	(17)
Singapore dollars	(24)	(89)	(58)	(40)

Notes:

(1) This is mainly attributable to the exposure on bank balances, trade receivables and payables as of year end. Since the Hong Kong dollars remain closely pegged to United States dollars, the sensitivity analysis excludes our entities with functional currencies denominated in Hong Kong dollars or United States dollars.

(2) This is mainly attributable to the exposure on bank balances and trade payables denominated in Japanese yen as of end of the reporting period.

(3) This is mainly attributable to the exposure on bank balances denominated in Renminbi as of end of the reporting period.

If the relevant foreign currency strengthens by 5% against the functional currencies of each of our entities, there would be an equal and opposite impact on the profit after income tax.

The above sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. It includes external loans as well as loans to foreign operations within our Group where they gave rise to an impact on our profit or loss.

Sensitivity Analysis — Interest Rate

Our net profit from period to period is also subject to changes in interest rates for variable-rate bank borrowings at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, our post-tax profit would decrease or increase by approximately HK$3.2 million, HK$2.1 million, HK$2.3 million and HK$0.8 million for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively.

KEY FINANCIAL RATIOS

The following table sets forth, for the periods indicated, certain key financial ratios:

	As of/For the Financial Year Ended			As of/For the Four Months Ended
	March 31, 2011	March 31, 2012	March 31, 2013	July 31, 2013
Key financial ratios:				
Current ratio[(1)]	1.3 times	1.5 times	1.4 times	1.3 times
Gearing ratio[(2)]	167.1%	100.3%	109.8%	120.1%
Return on total assets[(3)]	5.3%	2.9%	3.2%	—
Return on equity[(4)]	19.5%	8.9%	8.5%	—

Notes:

(1) Current ratio is derived by dividing current assets by current liabilities at the end of a given period.

(2) Gearing ratio is derived by dividing total debt by Shareholders' equity at the end of a given period. Total debt represents interest-bearing bank loans, trust receipt loans and bills payables.

(3) Return on total assets is derived by dividing profit attributable to our Shareholders by total assets. Total assets are the average beginning and ending balance of total assets within a given period. Return on total assets for the four months ended July 31, 2013 is not comparable to full year figures.

(4) Return on equity is derived by dividing profit attributable to our Shareholders by Shareholders' equity. Shareholders' equity is the average beginning and ending balances of the Shareholders' equity within a given period. Return on equity for the four months ended July 31, 2013 is not comparable to full year figures.

Current Ratio

Our current ratio as of March 31, 2011, 2012 and 2013 and July 31, 2013 were approximately 1.3 times, 1.5 times, 1.4 times and 1.3 times, respectively. The increase from March 31, 2011 to March 31, 2012 was primarily the result of the decrease of trust receipt loans from approximately HK$639.6 million in the financial year ended March 31, 2011 to approximately HK$306.0 million in the financial year ended March 31, 2012 due to (i) the general increase in the effective interest rate of trust receipt loans in the financial year ended March 31, 2012; and (ii) the decrease in purchases from suppliers that can be reflected by the decrease of inventories as of March 31, 2012 compared to that of the immediately preceding financial year, primarily due to the decrease in sales as a result of the overall economic downturn and the slowdown of the PRC economy. The decrease of current ratio from March 31, 2012 to March 31, 2013 was primarily due to the increase in trust receipt loans from approximately HK$306.0 million to approximately HK$421.5 million as a result of the increased repayment of long-term borrowings during the financial year ended March 31, 2013, which lead to the increase in the demand for using short term borrowings and trust receipt loans. The decrease of our current ratio from March 31, 2013 to July 31, 2013 was primarily due to (i) the increase of trust receipt loans from approximately HK$421.5 million to HK$480.2 million; (ii) the increase of bills payables from HK$12.3 million to HK$21.2 million; and (iii) the increase of dividend payable from nil to HK$22.9 million. The increase of trust receipt loans and bills payables was primarily due to the increase of the purchases from our principal suppliers during the first few months of each financial year as a result of the resumed customer orders after the Chinese New Year and our stock up of inventory to prepare for the demand of the following quarter with reference to our customers' forecasted needs.

Gearing Ratio

Our gearing ratio as of March 31, 2011, 2012 and 2013 and July 31, 2013 were approximately 167.1%, 100.3%, 109.8% and 120.1%, respectively. The substantial decrease of gearing ratio from approximately 167.1% to 100.3% during the financial year ended March 31, 2012 was primarily due to (i) the decrease of trust receipt loans by approximately HK$333.6 million in the financial year ended March 31, 2012 as discussed above; and (ii) the increase of equity as a result of the right issues in April 2011 and the exercise of share options in June and July 2011, which increased our share capital and share premium by approximately HK$46.5 million. The increase of gearing ratio in the financial year ended March 31, 2013 to 109.8% was primarily due to the increase of short term borrowings and trust receipt loans by approximately HK$154.9 million; offset in part by the decrease in long term borrowings of approximately HK$65.5 million. The increase of gearing ratio from March 31, 2013 to July 31, 2013 was primarily due to the increase of total borrowing from HK$602.1 million to HK$653.1 million, which included the increase in bills payables by HK$8.9 million and trust receipt loans by HK$58.8 million. Please refer to the paragraph headed " — Key Financial Ratios — Current Ratio" in this section for the reasons of increase in bills payables and trust receipt loans.

Return on Total Assets

Our return on total assets for the financial year ended March 31, 2011, 2012 and 2013 were approximately 5.3%, 2.9% and 3.2%, respectively. The decrease from March 31, 2011 to March 31, 2012 was primarily due to the decrease of net profit attributable to our Shareholders from approximately HK$86.0 million in March 31, 2011 to approximately HK$44.5 million in March 31,

2012, which was in line with the decrease in revenue during the said period. Our average total assets also decreased but at a relatively less degree from approximately HK$1,621.6 million in the financial year ended March 31, 2011 to approximately HK$1,557.4 million in the financial year ended March 31, 2012. The reasons for the substantial decrease of net profit during the financial year ended March 31, 2012 were discussed under the sub-section headed "— Period to Period Comparison of Results of Operations — Financial Year Ended March 31, 2012 Compared to Financial Year Ended March 31, 2011" in this section. The decrease of average total assets for the financial year ended March 31, 2012 was primarily due to the decreases in trade and bills receivables, inventories and cash and cash equivalents. Our return on total assets slightly increased to approximately 3.2% in the financial year ended March 31, 2013, primarily due to the comparatively larger degree of decrease in average total assets, compared to the decrease of net profit during the financial year ended March 31, 2013.

Return on Equity

Our return on equity for the financial year ended March 31, 2011, 2012 and 2013 were approximately 19.5%, 8.9% and 8.5%, respectively. The decrease from March 31, 2011 to March 31, 2013 was primarily due to decrease of net profit attributable to our Shareholders during each of the three financial years ended March 31, 2011, 2012 and 2013 and increase of average Shareholders' equity as a result of the right issues in April 2011 and the exercise of share options in June and July 2011.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended July 31, 2013 Compared to Four Months Ended July 31, 2012

Revenue

We recorded revenue of approximately HK$1,076.6 million for the four months ended July 31, 2013, which was approximately 2.6% lower than that of the same period in 2012. The decrease in our revenue was primarily due to the gradual transfer of Toshiba-related business to GW Electronics Company Limited, an associate of our Company that is principally engaged in the distribution of Toshiba electronic components in the PRC and Hong Kong, which was established in November 2012 and commenced operation in January 2013. The loss of revenue from the sales of Toshiba products resulting from the transfer amounted to approximately HK$38.0 million. Generally speaking, the business transfer mostly affected our industrial, dealers, automotive and lighting segments. Additionally, the weak performance of the telecommunications segment also contributed to the decrease in our revenue in this segment. During the four months ended July 31, 2013, we experienced a fairly sharp decrease in our revenue from the telecommunications segment that amounted to approximately HK$31.2 million, primarily due to the telecommunications projects from one of our sizable Taiwan-based customers coming to an end, coupled with the reduced demand from our customers in this segment.

Trading of electronic components accounted for approximately 99.4% of our total revenue of the four months ended July 31, 2013, representing a slight increase of approximately 0.3% compared to the same period in 2012. However the revenue from this segment decreased by approximately 2.3%

to approximately HK$1,070.3 million for the foregoing reasons. Revenue generated from the trading and designing integrated circuits also declined by approximately 36.6% to approximately HK$6.3 million due to the soft demand for the smartphone audio docking products developed by ValenceTech Group.

Approximately 62.2% of our revenue was derived from the Southern China Region, which was approximately 6.3% lower compared to the same period in 2012. On the other hand, revenue from the Northern China Region during the four months ended July 31, 2013 increased by approximately 6.8% to approximately HK$377.5 million, while revenue from Taiwan decreased by approximately 17.1% to approximately HK$23.3 million. The performance of the Southern China Region was affected by the transfer of business to GW Electronics Company Limited, where the transfer took place earlier than the Northern China Region. The export businesses of customers in the Southern China Region did not see any signs of significant recovery either. The Northern China Region, however, was less affected by the transfer and benefited from the strong performance of the industrial and the automotive segments. Regarding Taiwan, as previously discussed, the telecommunications projects we obtained from one of our sizable Taiwan-based customers were coming to an end and thus, revenue from Taiwan decreased considerably during the four months ended July 31, 2013.

Industrial

As industrial segment remained one of our key segments during the four months ended July 31, 2013, we continued to invest resources in enhancing our engineering services capability, particularly those serving this segment. Maintaining a stable growth momentum and benefiting from our engineering solution services, the industrial segment experienced strong customer demand with improved gross profit margin, leading to an increase in revenue from this segment of approximately 12.2% from approximately HK$244.2 million to approximately HK$274.0 million despite some loss of revenue due to the transfer of Toshiba-related business. For the four months ended July 31, 2013, revenue generated in the industrial sector constituted more than a quarter of our revenue, compared to approximately 22.1% in the same period in 2012, and remained as our largest revenue contributor.

Telecommunications

Our revenue from the telecommunications segment was approximately HK$141.0 million for the four months ended July 31, 2013, representing a decrease of approximately 18.1% from approximately HK$172.2 million in the same period in 2012. The segment performance was affected by the decision of one of our sizable Taiwan-based customers to switch its purchasing channel, which resulted in the termination of the telecommunications projects we had with this customer. In addition, due to the rapid technological advancement in this segment, we experienced soft demand from our customers for mobile phones products during the four months ended July 31, 2013, which contributed to the decrease in our segmental revenue. During the four months ended July 31, 2013, revenue from this segment accounted for approximately 13.1% of our total revenue, compared to approximately 15.6% in the same period in 2012.

Dealers

Owing to the increasing amount of package deals available from our principal suppliers to our dealer customers, we gained further market share in this segment and simultaneously increased our revenue from this segment during the four months ended July 31, 2013. Revenue increased from approximately HK$145.9 million in the four months ended July 31, 2012 to approximately HK$165.6 million in the four months ended July 31, 2013, representing a rise of approximately 13.5%.

Home Appliances

Revenue from the home appliances segment decreased by approximately 18.4%, from approximately HK$148.7 million in the four months ended July 31, 2012 to approximately HK$121.4 million in the same period in 2013. The decrease was primarily due to the fact that (i) there had been considerable overspending in this segment as a result of the PRC government's electronic appliance subsidy program in the past, and during the four months ended July 31, 2013 we observed that the overspending as a result of the subsidy program gradually decreased; and (ii) the PRC government had yet to loosen its control on the PRC property market, which in turn slowed down the purchase and installation of brand new home appliances. Owing to such unfavorable market conditions, our revenue from this segment inevitably declined and contributed only 11.3% approximately to our total revenue, compared to approximately 13.4% in the same period in 2012.

Electronic Manufacturing Service (EMS)

Revenue from the EMS segment decreased by approximately 16.0% from approximately HK$94.0 million in the four months ended July 31, 2012 to approximately HK$79.0 million in the same period in 2013. The demand from our EMS customers during the four months ended July 31, 2013 remained soft as indicated by the weak China exporting activities. In light of the soft demand, we focused on our logistics and engineering support to this segment with a view to capturing more potential business opportunities as well as maintaining our current businesses.

Automotive

The automotive segment was another key application segment that we placed much emphasis on. Revenue from this segment increased by approximately 5.1% from approximately HK$74.8 million in the four months ended July 31, 2012 to approximately HK$78.6 million in the same period in 2013. If disregarding the negative effect brought by the transfer of Toshiba-related businesses, the revenue increase in this segment would had been considerably higher. We allocated more resources to this segment aiming to ride on the trend of the rapidly expanding PRC automotive market. For the four months ended July 31, 2013 this segment contributed approximately 7.3% to our total revenue, representing a slight increase from the 6.7% contribution in the same period in 2012.

Audio and Video

The audio and video segment was affected by the decrease in revenue from the distribution of our audio products that were developed by our non-wholly owned subsidiaries ValenceTech Group. During the four months ended July 31, 2013, the demand for the smartphone audio docking solutions

developed and distributed by our Group reduced, leading to a decrease in revenue and gross profit margin from these products. Nonetheless, we changed our focus to the higher-end audio products, which became another source of revenue to cover the loss incurred from the smartphone docking products. The combined effect of the abovementioned factors resulted in an overall increase in our revenue from this segment from approximately HK$111.5 million in the four months ended July 31, 2012 to approximately HK$113.9 million in the same period in 2013, representing a slight increase of approximately 2.2%. This segment accounted for approximately 10.6% of our total revenue for the four months ended July 31, 2013 as compared to the 10.1% contribution in the same period in 2012.

Lighting

During the four months ended July 31, 2013, the weakness in the traditional lighting products market and the over supply of LED lighting products continued. Besides, this was another segment that was affected by the transfer of business to GW Electronics Company Limited. As a result, revenue from this segment decreased by approximately 18.9% to approximately HK$51.0 million in the four months ended July 31, 2013.

Others

Revenue from this segment for the four months ended July 31, 2013 was stable compared to the four months ended July 31, 2012. It slightly increased by approximately 0.9% to approximately HK$52.3 million from approximately HK$51.8 million in the same period in 2012, and contributed approximately 4.9% to our total revenue.

Cost of Sales

Our cost of sales decreased from approximately HK$997.3 million for the four months ended July 31, 2012 to approximately HK$958.3 million for the four months ended July 31, 2013, representing a decrease of approximately HK$39.0 million, or 3.9%. The decrease in our cost of sales was primarily due to our decrease in sales.

Gross Profit and Gross Profit Margin

Our gross profit increased from approximately HK$108.5 million for the four months ended July 31, 2012 to approximately HK$118.3 million for the four months ended July 31, 2013, representing an increase of approximately HK$9.8 million, or 9.0%. Our gross profit margin increased from approximately 9.8% for the four months ended July 31, 2012 to approximately 11.0% for the four months ended July 31, 2013. The increase in our gross profit and gross profit margin was primarily due to (i) the improvement in our stock quality during the period owing to stabilizing market conditions where we were no longer required to offer highly competitive pricing for clearance of our inventories; (ii) the modification of the incentive scheme offered by one of our major principal suppliers, where under the modified scheme we recorded our incentive award for the calendar year 2012 in the four months ended July 31, 2013; and (iii) the increase in gross profit and gross profit margin of our passive and interconnecting components, which increased by approximately 28.8% and 2.8%, respectively, from the same period of 2012.

Other Operating Income

Our other operating income increased from approximately HK$0.7 million for the four months ended July 31, 2012 to approximately HK$1.1 million for the four months ended July 31, 2013, representing an increase of approximately HK$0.4 million, or 61.9%. The increase in other operating income was primarily due to an increase in PRC tax rebate from nil to HK$0.2 million and an increase of service income from nil to approximately HK$0.3 million paid by our associate company, GW Electronics Company Limited, for the information technology support services that we provided since January 2013.

Distribution Costs

Our distribution costs increased significantly from approximately HK$6.8 million for the four months ended July 31, 2012 to approximately HK$13.4 million for the four months ended July 31, 2013, representing an increase of approximately HK$6.6 million, or 96.6%. This increase was primarily due to the reversal of sales incentive provision for our sales staff resulting in a negative amount of approximately HK$2.2 million for the four months ended July 31, 2012 compared to the normal accrued sales incentive for our sales staff of approximately HK$3.5 million for the four months ended July 31, 2013. As a result of the decrease in our revenue, the staff incentive payments paid during the four months ended July 31, 2012 were lower than the provisioned amount made for the financial year ended March 31, 2012, therefore, the reversal of sales incentive provision was made with reference to the actual incentive payments paid during the period.

Administrative Expenses

Our administrative expenses decreased from approximately HK$72.7 million for the four months ended July 31, 2012 to approximately HK$71.2 million for the four months ended July 31, 2013, representing a decrease of approximately HK$1.5 million, or 2.0%. The decrease in our administrative expenses was primarily due to the decrease in rent and rates and research and development expenses.

Other Gains and Losses

Our other losses for the four months ended July 31, 2012 were approximately HK$5.3 million whereas other losses for the four months ended July 31, 2013 were approximately HK$1.9 million. The reduction of losses was mainly attributable to the turnaround of the foreign exchange loss from a loss of approximately HK$5.9 million during the four months ended July 31, 2012 to a gain of approximately HK$4.0 million during the four months ended July 31, 2013. The exchange loss/gain was incurred under our normal business operation, and there was no specific reason contributing to the exchange loss or exchange gain during the four months ended July 31, 2012 and the four months ended July 31, 2013. The improvement of other losses through exchange gain during the four months ended July 31, 2013 was offset by the increase of allowance for doubtful trade receivables from approximately HK$0.1 million to HK$6.8 million primarily due to the slow collection of trade receivables of one of our customers where full provision was made on such aged debt.

Finance Costs

Our finance costs slightly increased from approximately HK$4.7 million for the four months ended July 31, 2012 to approximately HK$5.0 million for the four months ended July 31, 2013, representing an increase of approximately HK$0.3 million, or 7.7%. The increase in our finance costs was primarily due to the increase of trust receipt loans from approximately HK$440.2 million as of July 31, 2012 to approximately HK$480.2 million as of July 31, 2013.

Income Tax Expense

Our income tax expense increased from approximately HK$4.5 million for the four months ended July 31, 2012 to approximately HK$6.4 million for the four months ended July 31, 2013, representing an increase of approximately HK$1.9 million, or 42.4%. The increase in our income tax expense was primarily due to an increase in taxable profit in the four months ended July 31, 2013. Our effective tax rates calculated based on the tax charged to the consolidated income statement over the profit before tax (excluding listing expenses and share of profit of associates) were approximately 22.8% and 22.9% during the four months ended July 31, 2012 and 2013, respectively.

Profit Attributable to Our Shareholders

As of the cumulative effect of the foregoing, profit attributable to our Shareholders for the four months ended July 31, 2013 slightly decreased from approximately HK$15.1 million for the four months ended July 31, 2012 to approximately HK$15.0 million for the four months ended July 31, 2013, representing a decrease of approximately HK$0.1 million, or 0.9%. Our net profit margin remained stable at approximately 1.4% for the four months ended July 31, 2012 and 2013.

Financial Year Ended March 31, 2013 Compared to Financial Year Ended March 31, 2012

Revenue

The European sovereign debt crisis had haunted consumers' sentiment during the financial year ended March 31, 2012. The crisis, coupled with the ongoing sluggish US economy, had led to an overall weakness in exports from China. Despite the effort by our sales and marketing workforce and management in minimizing the negative impact of the downturn, our revenue decreased from approximately HK$3,262.1 million for the financial year ended March 31, 2012 to approximately HK$3,157.6 million for the financial year ended March 31, 2013, representing a decrease of approximately HK$104.5 million, or 3.2%.

The trading of electronic components segment remains the largest contributor to our revenue and accounted for approximately 99.3% of our revenue during the financial year ended March 31, 2013. The revenue derived from trading of electronic components decreased by approximately 3.1% from approximately HK$3,237.9 million in the financial year ended March 31, 2012 to approximately HK$3,136.2 million in the financial year ended March 31, 2013 which was in line with the decrease of our total turnover.

During the financial year ended March 31, 2013, our revenue was substantially generated from Hong Kong and the PRC. During the financial year ended March 31, 2013, our turnover from Hong Kong and the PRC decreased by approximately 3.9% from approximately HK$3,153.8 million in the financial year ended March 31, 2012 to approximately HK$3,031.5 million in the financial year ended March 31, 2013. Such decrease was in line with our decrease in turnover.

Industrial

The industrial segment continued to be the largest revenue contributor with a sales value of approximately HK$735.8 million, which accounted for approximately 23.3% of total revenue for the financial year ended March 31, 2013. However, the revenue from this segment was significantly affected by the downturn in the export market, especially that of welder. Due to our recovery plan to focus on developing more applications and solutions in smart meters and energy saving and other motor control equipment for the domestic market, we were able to capture a growth in the second half of the financial year ended March 31, 2013 and our overall revenue from this segment only slightly decreased by approximately 1.4% during the financial year ended March 31, 2013.

Telecommunications

The telecommunications segment was our second largest segment with a sales value of approximately HK$519.8 million in the financial year ended March 31, 2013, representing approximately 16.5% of our total revenue. As a result of the fast growing usage of smartphones and internet devices, revenue from this segment increased by approximately 8.7% in the financial year ended March 31, 2013 compared to the financial year ended March 31, 2012.

Dealers

During the financial year ended March 31, 2013, revenue from dealers accounted for approximately HK$462.2 million, increased by approximately 5.1% compared to the financial year ended March 31, 2012. The increase was due to package deals with our dealers which resulted in greater sales volume per order from our dealers. Moreover, our Directors were aware that due to the short ordering cycle, customers were trying to source electronic components from various channels, which created an opportunity for the dealers and subsequently increased our sales to the dealers.

Home Appliances

During the financial year ended March 31, 2013, we invested and developed many application solutions in this segment, such as power management, inverter control and support the customers on microcontroller programming development. Although the overall home appliances market in China did not perform well, we were able to keep our revenue at approximately HK$365.5 million in the financial year ended March 31, 2013, which represented a slight decrease of approximately 1.6% compared to the financial year ended March 31, 2012.

Electronic Manufacturing Service (EMS)

Revenue from this segment decreased by approximately 21.0% from approximately HK$306.3 million in the financial year ended March 31, 2012 to approximately HK$242.1 million in the financial year ended March 31, 2013. The decrease in revenue of this segment was primarily due to the downturn in the export markets to US and Europe.

Automotive

The automotive segment accounted for approximately 7.0% of our total revenue in the financial year ended March 31, 2013. This segment recorded a revenue of approximately HK$219.6 million, which represented an increase of approximately 17.1% compared to the financial year ended March 31, 2012, and became the highest growth segment in the financial year ended March 31, 2013. This increase demonstrated our effort of investing in engineering solutions in this segment to capture the growing domestic demand for automotive in the PRC.

Audio and Video

Sales generated from the audio and video segment was approximately HK$316.7 million in the financial year ended March 31, 2013 with a decrease of approximately HK$42.5 million, or 11.8% compared to the financial year ended March 31, 2012. The decrease was primarily due to (i) the weak demand of both the US market and the PRC domestic market during the financial year ended March 31, 2013, and (ii) the change of smartphone docking connector of a significant end-product manufacturer, which resulted in many projects being suspended until September 2012 and thus led to a decrease in sales of approximately HK$6.0 million. As of the Latest Practicable Date, we observed that projects have resumed in response to demand resulting from the growth of the export market.

Lighting

It was a tumultuous year in lighting applications during the financial year ended March 31, 2013. The weakness of the worldwide economy slowed down the new construction projects in both commercial and residential buildings. We observed that there was a huge opportunity in LED lighting, however the market was not mature yet. In addition, the LED lighting market suffered from over supply, which resulted in an intense price competition in respect of lighting products. As a result, the performance of this segment in the financial year ended March 31, 2013 decreased approximately 17.7% and resulted in a revenue of approximately HK$149.4 million.

Others

This segment refers to products distributed to manufacturers of other miscellaneous electronic products such as PCs, healthcare products and toys. This segment also suffered from weak export and domestic demand, and recorded a revenue of approximately HK$146.4 million in the financial year ended March 31, 2013, which represented a decrease of approximately 23.7% from approximately HK$191.9 million in the financial year ended March 31, 2012.

Cost of Sales

Our cost of sales decreased from approximately HK$2,959.4 million for the financial year ended March 31, 2012 to approximately HK$2,851.9 million for the financial year ended March 31, 2013, representing a decrease of approximately HK$107.5 million, or 3.6%. The decrease in our cost of sales was primarily due to the decrease in material cost of approximately 3.6% which was caused by fewer purchases from suppliers as a result of the decrease in sales in the financial year ended March 31, 2013.

Gross Profit and Gross Profit Margin

Our gross profit increased from approximately HK$302.7 million for the financial year ended March 31, 2012 to approximately HK$305.7 million for the financial year ended March 31, 2013, representing an increase of approximately HK$3.0 million, or 1.0%. The increase in our gross profit was primarily due to the decrease in our cost of sales.

Our overall gross profit margin increased from approximately 9.3% for the financial year ended March 31, 2012 to approximately 9.7% for the financial year ended March 31, 2013. There was an intense price pressure on the electronic components market due to the imbalance of demand and supply in the financial year ended March 31, 2012. However, during the financial year ended March 31, 2013, the market situation stabilized and, as a result, our gross profit margin increased to 9.7% for the year ended March 31, 2013.

Other Operating Income

Our other operating income increased from approximately HK$4.2 million for the financial year ended March 31, 2012 to approximately HK$4.6 million for the financial year ended March 31, 2013, representing an increase of approximately HK$0.4 million, or 9.2%. The increase in our other operating income was primarily due to the increase of interest income from bank deposits.

Distribution Costs

Our distribution costs decreased from approximately HK$39.0 million for the financial year ended March 31, 2012 to approximately HK$30.1 million for the financial year ended March 31, 2013, representing a decrease of approximately HK$8.9 million, or 22.8%. The decrease in our distribution costs was primarily due to the reduction of sales incentive provision for our sales staff by approximately 79.8% from approximately HK$15.0 million in the financial year ended March 31, 2012 to approximately HK$3.0 million in the financial year ended March 31, 2013 as a result of a decrease in our revenue.

Administrative Expenses

Our administrative expenses increased slightly from approximately HK$216.0 million for the financial year ended March 31, 2012 to approximately HK$217.9 million for the financial year ended March 31, 2013, representing an increase of approximately HK$1.9 million, or 0.9%. The increase in our administrative expenses was primarily due to the increase of staff related cost by approximately

HK$1.3 million, or 1.0%, which was primarily attributable to the salary increment and increase of MPF contribution.

Other Gains and Losses

Our other gains for the financial year ended March 31, 2013 decreased from approximately HK$19.5 million for the financial year ended March 31, 2012 to approximately HK$7.6 million for the financial year ended March 31, 2013. Such decrease was primarily due to the decrease in the net gain of foreign exchange from approximately HK$4.8 million to approximately HK$0.4 million and the fewer reversal of allowance for doubtful trade receivables in the financial year ended March 31, 2013 compared to the financial year ended March 31, 2012.

Finance Costs

Our finance costs increased from approximately HK$15.5 million for the financial year ended March 31, 2012 to approximately HK$16.2 million for the financial year ended March 31, 2013, representing an increase of approximately HK$0.7 million, or 4.6%. The increase in our finance costs was primarily due to the increase of trust receipt loans in the financial year ended March 31, 2013 compared to the financial year ended March 31, 2012.

Income Tax Expense

Our income tax expense maintained at a similar level of approximately HK$13.1 million for the financial year ended March 31, 2012 and March 31, 2013. Our effective tax rates calculated based on the tax charged to the consolidated income statement over the profit before tax (excluding share of profit of associates) was maintained at a similar level at around 23.5% to 24.5%, respectively, during the financial years ended March 31, 2012 and 2013.

Profit Attributable to Our Shareholders

As of the cumulative effect of the foregoing, profit attributable to our Shareholders for the financial year increased from approximately HK$44.5 million for the financial year ended March 31, 2012 to approximately HK$45.8 million for the financial year ended March 31, 2013, representing a slight increase of approximately HK$1.3 million. Our net profit margin remained at a similar level of approximately 1.4% and 1.5% for the financial years ended March 31, 2012 and 2013, respectively.

Financial Year Ended March 31, 2012 Compared to Financial Year Ended March 31, 2011

Revenue

Our revenue decreased from approximately HK$3,797.1 million for the financial year ended March 31, 2011 to approximately HK$3,262.1 million for the financial year ended March 31, 2012, representing a decrease of approximately HK$535.0 million, or 14.1%. During the financial year ended March 31, 2011, our turnover significantly increased to approximately HK$3,797.1 million, and subsequently, in the first quarter of the financial year ended March 31, 2012, we recorded a high sales

volume as a result of increased customer orders in April, May and June 2011, in anticipation of a global supply shortage of electronic components following the Japanese earthquake and tsunami in March 2011. However, our sales volume started to decrease during the few months after the disaster. Unfortunately, this recovery came at a time when customers stopped placing long-term orders and ceased many advance shipments due to the weak export market resulting from the worsening Eurozone crisis and the lackluster US economy. Our sales in the financial year ended March 31, 2012 was further affected by the flooding in Thailand, which began in July 2011 and lasted until January 2012. During this period, some of our principal suppliers in Thailand had to close their factories and halt production, which disrupted the supply of certain products that we carry. As a result of foregoing, our revenue decreased by approximately 14.1% compared to the revenue of the last financial year.

Industrial

Our revenue from the industrial segment decreased by approximately 0.7% from approximately HK$750.9 million in the financial year ended March 31, 2011 to approximately HK$745.9 million in the financial year ended March 31, 2012, primarily due to the weak demand in the second half of the financial year ended March 31, 2012, especially in the welder market.

Telecommunications

Our revenue from the telecommunications segment decreased by approximately 7.5% in the financial year ended March 31, 2012 compared to the financial year ended March 31, 2011. The decrease was primarily due to the lower sales for the second generation telecommunications (2G) market due to low demand in the financial year ended March 31, 2012.

Dealers

Our revenue from dealers decreased by approximately 19.9% from HK$549.0 million in the financial year ended March 31, 2011 to approximately HK$439.7 million in the financial year ended March 31, 2012. In the financial year ended March 31, 2012, our Directors observed that there was a trend that dealers placed orders only upon confirmation of orders from their customers and they also became more cost conscious and tended to seek out the best deals from suppliers, which, as a result, created price pressures on us and consequently our revenue from this segment decreased.

Home Appliances

During the financial year ended March 31, 2012, while all other application segments recorded a decrease in revenue, our home appliances segment was the best performer and achieved a 11.9% growth from approximately HK$332.2 million for the financial year ended March 31, 2011 to approximately HK$371.7 million for the financial year ended March 31, 2012. This increase was primarily due to the strong demand for coffee machines and white goods such as kitchenware and control boards for appliances.

Electronic Manufacturing Service (EMS)

This segment experienced the largest decrease in sales among all application segments in the financial year ended March 31, 2012, (i.e. a decrease of approximately 35.3%). This decrease was primarily due to two of our major customers deciding to deal directly with the suppliers.

Automotive

For the financial year ended March 31, 2012, sales achieved by this segment decreased by approximately 4.6% primarily due to a decrease in demand in the second half of the financial year ended March 31, 2012.

Audio and Video

Revenue generated by this segment decreased approximately 29.9% in the financial year ended March 31, 2012 compared to the financial year ended March 31, 2011, primarily due to the low demand for audio products.

Lighting

Compared to the financial year ended March 31, 2011, revenue generated by the lighting segment decreased approximately 19.2% in the financial year ended March 31, 2012, primarily due to lower demand in the second half of the financial year, especially for compact fluorescent lamps and ballasts.

Others

Sales of this segment decreased approximately 20.4% from approximately HK$240.9 million in the financial year ended March 31, 2011 to approximately HK$191.9 million in the financial year ended March 31, 2012. This decrease was primarily due to decreased sales in both the toys and renewable energy markets in the second half of the financial year ended March 31, 2012.

Cost of Sales

Our cost of sales decreased from approximately HK$3,411.4 million for the financial year ended March 31, 2011 to approximately HK$2,959.4 million for the financial year ended March 31, 2012, representing a decrease of approximately HK$452.0 million, or 13.3%. The decrease in our cost of sales was primarily due to our decrease in sales.

Gross Profit and Gross Profit Margin

Our gross profit decreased from approximately HK$385.7 million for the financial year ended March 31, 2011 to approximately HK$302.7 million for the financial year ended March 31, 2012, representing a decrease of approximately HK$83.0 million, or 21.5%. The decrease in our gross profit was primarily due to the decrease in sales from approximately HK$3,797.1 million to approximately HK$3,262.1 million, while our cost of sales also decreased but at a lesser extent than the decrease in sales due to certain fix costs.

Our gross profit margin decreased from approximately 10.2% for the financial year ended March 31, 2011 to approximately 9.3% for the financial year ended March 31, 2012. The decrease in our gross profit margin was primarily due to intense competition and imbalanced demand and supply.

Other Operating Income

Our other operating income increased from approximately HK$3.8 million for the financial year ended March 31, 2011 to approximately HK$4.2 million for the financial year ended March 31, 2012, representing an increase of approximately HK$0.4 million, or 12.7%. This increase in other operating income was primarily due to an increase in PRC tax rebate and an increase in interest income from bank deposits.

Distribution Costs

Our distribution costs decreased significantly from approximately HK$50.9 million for the financial year ended March 31, 2011 to approximately HK$39.0 million for the financial year ended March 31, 2012, representing a decrease of approximately HK$11.9 million, or 23.3%.

This decrease in our distribution costs was primarily due to (i) the reduction of sales incentive provision for our sales staff by approximately 35.4% from approximately HK$23.1 million in the financial year ended March 31, 2011 to approximately HK$15.0 million in the financial year ended March 31, 2012 as a result of the decrease in our revenue; and (ii) the reversal of sales claim provision of approximately HK$1.1 million in the financial year ended March 31, 2012 compared to the accrued compensation of approximately HK$1.1 million in the financial year ended March 31, 2011.

Administrative Expenses

Our administrative expenses increased from approximately HK$206.9 million for the financial year ended March 31, 2011 to approximately HK$216.0 million for the financial year ended March 31, 2012, representing an increase of approximately HK$9.1 million, or 4.4%. The increase in our administrative expenses was primarily due to the increase of staff related costs by approximately HK$4.8 million, or 3.6% as a result of (i) salary increment, increase of headcount and MPF contributions; (ii) the increase of expenses in research and development by approximately HK$2.0 million; and (iii) the increase of depreciation by approximately HK$3.1 million mainly due to the depreciation of our Shanghai office purchased in 2010.

Other Gains and Losses

Our other gains and losses for the financial year ended March 31, 2011 were losses of approximately HK$8.1 million whereas other gains and losses for the financial year ended March 31, 2012 were gains of approximately HK$19.5 million. The record of gains in the financial year ended March 31, 2012 was primarily due to the reversal of doubtful trade receivables in the amount of approximately HK$15.2 million during the financial year ended March 31, 2012 compared to the allowance for doubtful trade receivables of approximately HK$10.1 million during the financial year

ended March 31, 2011 and the turnaround of the foreign exchange loss from a loss of approximately HK$1.8 million during the financial year ended March 31, 2011 to a gain of approximately HK$4.8 million during the financial year ended March 31, 2012.

Finance Costs

Our finance costs increased from approximately HK$13.5 million for the financial year ended March 31, 2011 to approximately HK$15.5 million for the financial year ended March 31, 2012, representing an increase of approximately HK$2.0 million, or 14.7%. The increase in our finance costs was primarily due to an increase in interest rate for the financial year ended March 31, 2012.

Income Tax Expense

Our income tax expense decreased from approximately HK$22.2 million for the financial year ended March 31, 2011 to approximately HK$13.1 million for the financial year ended March 31, 2012, representing a decrease of approximately HK$9.1 million, or 40.9%. The decrease in our income tax expense was primarily due to a decrease in tax payment in Hong Kong in the financial year ended March 31, 2012. Our effective tax rates calculated based on the tax charged to the consolidated income statement over the profit before tax were approximately 20.2% and 23.5% during the financial years ended March 31, 2011 and 2012, respectively. Since the deferred taxation assets of the taxation loss incurred by members of the ValenceTech Group, our non-wholly owned subsidiaries, were not recognized in the financial year ended March 31, 2012, we had a lower profit before taxation during the financial year ended March 31, 2012, which resulted in higher effective tax rate for this financial year. Due to the loss making records of the ValenceTech Group, it was uncertain as to whether the ValenceTech Group could make sufficient taxable profit available to realize the deferred taxation assets, thus, our Directors and our auditors are of the view that the deferred taxation assets should not have been recognized.

Profit Attributable to Our Shareholders

As of the cumulative effect of the foregoing, profit attributable to our Shareholders decreased from approximately HK$86.0 million for the financial year ended March 31, 2011 to approximately HK$44.5 million for the financial year ended March 31, 2012, representing a decrease of approximately HK$41.5 million, or 48.2%. Our net profit margin decreased from approximately 2.3% for the financial year ended March 31, 2011 to approximately 1.4% for the financial year ended March 31, 2012.

WORKING CAPITAL ANALYSIS

The following table sets out details of our current assets and liabilities as of the dates indicated:

	As of March 31,			As of July 31,	As of September 30,
	2011	2012	2013	2013	2013
	(HK$ in thousands)				
Current assets					
Cash and cash equivalents	417,068	333,258	390,395	340,640	380,838
Restricted bank deposits	—	27,256	7,161	7,296	7,296
Short-term bank deposit	2,905	—	—	—	—
Trade and bills receivables	611,563	509,047	503,125	563,692	601,608
Other receivables and prepayments	13,997	6,861	11,318	8,395	10,467
Prepaid lease payments — current	12	12	12	12	12
Income tax recoverable	88	800	62	—	—
Derivative financial instruments	28	237	136	331	—
Inventories	476,448	346,661	353,561	431,822	455,593
Total current assets	1,522,109	1,224,132	1,265,770	1,352,188	1,455,814
Current liabilities					
Trust receipt loans	639,628	306,001	421,473	480,242	580,209
Trade and bills payables	373,918	307,093	295,400	316,008	339,117
Dividend payable	—	—	—	22,855	—
Other payables	52,220	48,398	38,226	42,902	46,284
Income tax payable	6,031	1,794	4,548	10,548	10,766
Derivative financial instruments	146	292	—	1,687	1,655
Amounts due to jointly controlled entities	8,670	8,752	—	—	—
Financial guarantee liabilities	—	—	—	428	353
Bank borrowings	81,449	128,870	168,300	151,600	145,300
Total current liabilities	1,162,062	801,200	927,947	1,026,270	1,123,684
Net current assets	360,047	422,932	337,823	325,918	332,130

Our net working capital improved during the two months ended September 30, 2013, being the most recent practicable date for the purpose of this Listing Document. We recorded a net current assets position of approximately HK$325.9 million as of July 31, 2013 and approximately HK$332.1 million as of September 30, 2013. The increase in our net working capital was primarily due to increase of our cash and cash equivalents from approximately HK$340.6 million to HK$380.8 million and increase of trade and bills receivables from approximately HK$563.7 million to HK$601.6 million.

Our net current assets slightly decreased from approximately HK$337.8 million as of March 31, 2013 to approximately HK$325.9 million as of July 31, 2013. The slight decrease in our net current assets was primarily due to (i) the decrease of cash and cash equivalents by approximately HK$49.8 million; (ii) the increase in trust receipt loans by approximately HK$58.8 million; (iii) the increase in trade and bills payables by approximately HK$20.6 million; and (iv) the increase of dividend payable from nil to approximately HK$22.9 million. The decrease in our net current assets was partly offset by the increase of trade and bills receivables and inventories.

Our net current assets decreased from approximately HK$422.9 million as of March 31, 2012 to approximately HK$337.8 million as of March 31, 2013. The decrease in our net current assets was primarily due to (i) increase in trust receipt loans; and (ii) increase in the current portion of bank borrowings as of March 31, 2013.

Our net current assets increased from approximately HK$360.0 million as of March 31, 2011 to approximately HK$422.9 million as of March 31, 2012. The increase in our net current assets was primarily due to (i) the significant decrease in trust receipt loans from approximately HK$639.6 million as of March 31, 2011 to approximately HK$306.0 million as of March 31, 2012; and (ii) the decrease of trade and bills payables from approximately HK$373.9 million to HK$307.1 million as a result of decrease in purchases from suppliers due to decrease in sales.

SELECTED BALANCE SHEET ITEMS

Inventory Analysis

Our inventories comprise finished goods only. Set out below are the inventories balances as of the dates indicated:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Inventory balances:				
Finished goods held for resale	497,209	380,377	385,308	455,667
Less: Allowance for inventories	(20,761)	(33,716)	(31,747)	(23,845)
Total	476,448	346,661	353,561	431,822

Our inventory balance decreased approximately 27.2% from approximately HK$476.4 million as of March 31, 2011 to approximately HK$346.7 million as of March 31, 2012, however increased approximately 2.0% to approximately HK$353.6 million as of March 31, 2013. The fluctuations in our inventory balance were primarily due to the different values of the product mix we stock in the inventory as of the respective year end date, which varied from time to time according to orders placed by our customers. Our inventory balance increased approximately 22.1% from approximately HK$353.6 million as of March 31, 2013 to approximately HK$431.8 million as of July 31, 2013. Such increase was primarily due to the seasonal effect that more purchases were made during the first few months of each financial year as result of the resumed orders after the Chinese New Year and in order to stock up in preparation for the demand of the coming quarter.

The following table sets out a summary of our average inventory, cost of sales and average inventory turnover days for the periods indicated:

	Financial Year Ended March 31,			Four Months Ended July 31,
	2011	2012	2013	2013
	(HK$ in thousands, except turnover days)			
Inventory analysis:				
Average inventory[(1)]	472,644	411,555	350,111	392,692
Cost of sales	3,411,444	2,959,401	2,851,940	958,298
Inventory turnover days[(2)]	51 days	51 days	45 days	50 days

Notes:

(1) Average inventory equals the average of inventory balances at the beginning and the end of a given period.

(2) Average inventory turnover days equals average inventory divided by cost of sales and multiplied by the number of days in the period indicated.

Our average inventory decreased from approximately HK$472.6 million for the financial year ended March 31, 2011 to approximately HK$411.6 million for the financial year ended March 31, 2012 and further decreased to approximately HK$350.1 million for the financial year ended March 31, 2013. Such decrease was primarily due to the decrease in sales as a result of the general economic downturn. Our management therefore decided to reduce our purchases from principal suppliers in order to minimize the risk of overstock and controlled the stock at a level below average demand to avoid obsolescence, particularly in the financial year ended March 31, 2013. Our average inventory increased to approximately HK$392.7 million for the four months ended July 31, 2013, primarily due to the increased closing inventory balance as of July 31, 2013 as a result of the increased purchases from our principal suppliers as result of the resumed orders after the Chinese New Year and in order to stock up in preparation for the demand of the coming quarter.

Our inventory turnover days for business is generally around 45 to 51 days because the lead time from ordering to arrival at our warehouses usually takes not more than two months and we usually keep two months' stock to ensure sufficient products for distribution. Our overall inventory level has remained relatively stable despite its decreasing sales, as we have managed to achieve a balance point on maintaining a sufficient inventory of products to meet the decreased sales during the three financial years ended March 31, 2013 and the four months ended July 31, 2013.

Our Directors have exercised certain inventory management policy to ensure the adequacy of inventory on hand. Our sales department and product marketing department work closely to place orders to our principal suppliers. We usually purchase products from our principal suppliers from time to time having considered (i) our forecast of customers' needs, (ii) our inventory levels, and (iii) the availability of stocks from principal suppliers. In certain cases, upon receipt of forecast or confirmed order from a customer, we stock up our inventory in accordance with such customer's individual and unique specifications and requirements. We employ advanced enterprise resource planning (ERP) systems to track inventory levels as well as ensure adequate levels of products. As our products are bar-coded, we are able to monitor the outflow of products from our warehouses in real-time.

To facilitate a healthy growth of our business, we may enter into formal or informal arrangements with our principal suppliers, on a case-by-case basis, regarding obsolete inventory. These arrangements may include (i) stock rotation that allows us to return or exchange certain obsolete inventory, and (ii) permit scrapping of certain amount of obsolete inventory for credit against other orders. During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, (i) approximately HK$8.9 million, HK$20.7 million, HK$10.6 million and HK$10.6 million, respectively, of our stock were returned or exchanged, and (ii) approximately HK$3.1 million, HK$3.0 million, HK$2.2 million and HK$1.0 million, respectively, of our scrapped inventory were credited against other orders.

The following table sets out the aging analysis of our inventory as of the dates indicated:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Less than 60 days	289,708	199,193	231,433	281,864
61-120 days	82,322	60,465	66,431	91,054
121-180 days	56,602	48,433	25,216	38,998
181-360 days	48,813	52,155	41,536	28,050
Over 360 days	19,764	20,131	20,692	15,701
Gross balance	497,209	380,377	385,308	455,667
Less: Allowance for inventories	(20,761)	(33,716)	(31,747)	(23,845)
	476,448	346,661	353,561	431,822

As of March 31, 2011, 2012 and 2013 and July 31, 2013, approximately 58.3%, 52.4%, 60.1% and 61.9% of our inventory aged less than 60 days. No provision was provided for inventory aged less than 180 days. As of March 31, 2011, 2012 and 2013 and July 31, 2013, the provision provided for inventory aged 181 days to 360 days amounted to approximately HK$1.0 million, HK$13.6 million,

HK$11.1 million and HK$8.1 million, respectively. Although we implemented tighter controls on our inventory level and purchased fewer products from our principal suppliers during the financial year ended March 31, 2013, due to the long aging of certain existing stock as a result of a decrease in the demand for these products by our customers, inventory aged over 360 days was maintained at a similar level of approximately HK$19.8 million, HK$20.1 million, HK$20.7 million and HK$15.7 million as of March 31, 2011, 2012 and 2013 and July 31, 2013, respectively, and full provision was made for the inventory balance as of the end of the respective reporting period.

As of September 30, 2013, approximately HK$269.3 million, or 59.1%, of our inventory balance as of July 31, 2013 has been sold. The lower subsequent settlement of our inventory balance was due to (i) a slightly longer period of time was needed to consume our inventory as the sales in the telecommunications segment began resuming to the normal level since July 2013; and (ii) we made more package deals with our principal suppliers in the dealers segment, which normally carried longer turnover days.

Trade and Bills Receivables Analysis

Trade receivables represent the amounts receivable arising from our principal business, trading of electronic components. Bills receivables represent bank drafts received from customers that are non-interest bearing and due within one year. The following table sets out our trade and bills receivables as of the indicated dates:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Trade and bills receivables balances:				
Trade receivables	637,674	500,076	497,483	551,976
Less: allowance for doubtful debts	(45,252)	(29,932)	(23,727)	(30,730)
Net	592,422	470,144	473,756	521,246
Bills receivables	19,141	38,903	29,369	42,446
Total	611,563	509,047	503,125	563,692

Our trade receivables balance decreased from approximately HK$637.7 million as of March 31, 2011 to approximately HK$500.1 million as of March 31, 2012 and further decreased to approximately HK$497.5 million as of March 31, 2013, primarily due to the decrease in revenue during the three financial years ended March 31, 2013 as a result of the gloomy economy. As of July 31, 2013, our trade receivables increased to approximately HK$552.0 million. None of our trade receivables as of March 31, 2011, 2012, 2013 and July 31, 2013 was factored.

The following table sets out a summary of our average trade receivables, revenue and average trade receivables turnover days for the periods indicated:

	Financial Year Ended March 31,			Four Months Ended July 31,
	2011	2012	2013	2013
	(HK$ in thousands, except turnover days)			
Trade receivables analysis:				
Average trade receivables[(1)]	560,945	531,283	471,950	497,501
Revenue	3,797,120	3,262,086	3,157,597	1,076,566
Average trade receivables turnover days[(2)]	54 days	59 days	55 days	56 days

Notes:

(1) Average trade receivables equals the average of trade receivables balances at the beginning and the end of a given period.

(2) Average trade receivables turnover days equal average trade receivables divided by revenue and multiplied by the number of days in the period indicated.

Our average trade receivables decreased from approximately HK$560.9 million for the financial year ended March 31, 2011 to approximately HK$531.3 million for the financial year ended March 31, 2012 and further decreased further to approximately HK$472.0 million for the financial year ended March 31, 2013. The decrease was primarily in line with the decrease in sales during the three financial years ended March 31, 2013. Our average trade receivables increased to approximately HK$497.5 million for the four months ended July 31, 2013, primarily due to the slow payments of trade receivables of one of our customers.

We adopt a payment-on-delivery policy for our new customers, and our established customers are usually given credit terms of between 30 to 90 days upon delivery. The average credit period on sales of goods is 60 days. Our average trade receivables turnover days were 54 days, 59 days, 55 days and 56 days, respectively, for each of the three financial years ended March 31, 2011, 2012, 2013 and the four months ended July 31, 2013, which was more or less the same as the average credit period granted to our customers. The increase in average trade receivables turnover days for the financial year ended March 31, 2012 to 59 days was primarily due to our exceptionally high turnover and trade receivables balance for the financial year ended March 31, 2011, which resulted in a higher turnover days for the financial year ended March 31, 2012 as the average of the beginning and ending values of trade receivables were considered in arriving at the turnover days. In the event that the calculation considers the trade receivables ending balance of the respective financial year only, the resulting trade receivables turnover days would become approximately 57, 53, 55 and 59 days, respectively, for each of the financial years ended March 31, 2011, 2012 and 2013 and July 31, 2013. The decline in turnover days from the financial year ended March 31, 2011 to that of the financial year ended March 31, 2012 was attributable to a decrease in turnover and an increase in the efficiency of receivables' collection for the financial year ended March 31, 2012. Our average trade receivables turnover days remained at a similar level of approximately 56 days for the four months ended July 31, 2013.

The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates as of the dates indicated:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Trade receivables aging analysis:				
0-60 days	418,965	375,353	332,258	408,830
61-90 days	144,562	63,322	104,847	96,989
Over 90 days	28,895	31,469	36,651	15,427
Total	592,422	470,144	473,756	521,246

We have implemented and maintained a credit control policy. Before accepting any new customer, we use an internal credit scoring system to assess the potential customer's credit quality and define credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. As of March 31, 2011, 2012 and 2013 and July 31, 2013 approximately 84%, 76%, 78% and 78% of our trade receivables were neither past due nor impaired based on the credit scoring attributable under the internal credit scoring system used by our Group.

Included in our trade receivables balance are receivables with a carrying amount of approximately HK$60.4 million, HK$90.7 million, HK$81.4 million and HK$89.5 million, respectively, which are past due at the reporting date for which we have not provided for impairment loss as management believes that these trade receivables are with creditworthy counterparties. We do not hold any collateral over these balances.

The unsettled trade receivables are monitored on an ongoing basis and followed up by our finance department. Our management reviews the recoverable amount of each item of receivable regularly to ensure that follow up actions are taken to recover overdue debts and adequate impairment losses are provided. Bad debts are written off against trade receivables. We determine whether the trade receivables balances were impaired based on objective evidence of impairment loss. In determining whether receivable balances past due have been impaired or not, we take into consideration the estimated future cash inflows from such balances as determined by its experience with, and where appropriate, discussions with, our customers. In this regard, our Directors are of the view that our allowances for doubtful debt are adequate. During each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, the amounts written off as uncollectible were approximately HK$3.3 million, HK$0.6 million, HK$0.6 million and zero, respectively.

As of September 30, 2013, approximately HK$397.4 million, or 72.0%, of our gross trade receivables outstanding as of July 31, 2013 has been settled, 22.0% of which were overdue balances as of July 31, 2013. The unsettled outstanding balance of 28.0% was primarily due to the slow collection of trade receivables of one of our customers, the payment from whom was delayed because there were some product quality issues to be settled between this customer and our principal suppliers.

Trade and Bills Payables Analysis

Trade payables principally comprise amounts outstanding for purchases of electronic components from our suppliers. The following table sets out our trade payables and bills payables as of the dates indicated:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Trade and bills payables balances:				
Trade payables	359,356	273,849	283,066	294,770
Bills payables	14,562	33,244	12,334	21,238
Total	373,918	307,093	295,400	316,008

Our trade and bills payables balance decreased from approximately HK$373.9 million as of March 31, 2011 to approximately HK$307.1 million as of March 31, 2012 and further decreased to approximately HK$295.4 million as of March 31, 2013, primarily due to the decrease of purchases from principal suppliers as a result of the slowing down of business sales. Our trade and bills payables balances increased to approximately HK$316.0 million as of July 31, 2013, primarily due to the seasonal effect that more purchases were made from our principal suppliers during the first few months of each financial year as a result of the resumed orders after the Chinese New Year and our stock up of inventory to prepare for the demand of coming quarter.

The following table sets out a summary of our average trade payables, cost of sales and trade payables turnover days for the periods indicated:

	Financial Year ended March 31,			Four Months Ended July 31,
	2011	2012	2013	2013
	(HK$ in thousands, except turnover days)			
Trade payables analysis:				
Average trade payables[(1)]	363,654	316,603	278,458	288,918
Cost of sales	3,411,444	2,959,401	2,851,940	958,298
Trade payables turnover days[(2)]	39 days	39 days	36 days	37 days

Notes:

(1) Average trade payables balance equals the average of trade payables balances at the beginning and the end of a given period.

(2) Average trade payables turnover days equal average trade payables divided by cost of sales and multiplied by the number of days in the period indicated.

Our average trade payables decreased from approximately HK$363.7 million for the financial year ended March 31, 2011 to approximately HK$316.6 million for the financial year ended March 31, 2012 and further decreased to approximately HK$278.5 million for the financial year ended March 31, 2013 primarily due to the decrease in the purchases of electronic components from our principal suppliers as a result of decrease in sales during the three financial years ended March 31, 2013. Our average trade payables slightly increased to approximately HK$288.9 million for the four months ended July 31, 2013, primarily due to the increased purchases from our principal suppliers during the first few months of each financial year as a result of the resumed orders after the Chinese New Year.

The credit period on purchases of goods granted to us by our principal suppliers ranged from 30 days to 60 days. Our average trade payables turnover days (excluding the effects of trade finance facilities drawn down such as trust receipt loans and bills payable) were 39 days, 39 days, 36 days and 37 days, respectively, for each of the three financial years ended March 31, 2013 and the four months ended July 31, 2013, which was in line with the credit period granted by our suppliers to us.

The following table sets out the aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Trade payables aging analysis:				
Less than 30 days	299,922	241,754	237,822	242,715
31 days to 60 days	41,079	30,769	44,848	51,722
61 days to 90 days	14,728	956	300	278
Over 90 days	3,627	370	96	55
Total	359,356	273,849	283,066	294,770

As of September 30, 2013, approximately HK$289.1 million, or 98.1%, of our trade payables outstanding as of July 31, 2013 has been settled.

Dividend payable

We declared dividends in each of the three financial years ended March 31, 2011, 2012 and 2013 of approximately HK$38.5 million, HK$29.5 million and HK$22.9 million, representing approximately 44.8%, 66.3% and 49.9% of our net profit attributable to owners of our Company, respectively. The dividends were paid in August 2011, August 2012 and August 2013. The payments of the aforesaid dividends were settled using our internal funding resources.

Bank Borrowings and Trust Receipt Loans

Bank Borrowings

As of March 31, 2011, 2012 and 2013 and July 31, 2013, our bank borrowings amounted to HK$136.4 million, HK$194.4 million, HK$168.3 million and HK$151.6 million, respectively. Our unsecured bank loans are repayable in quarterly or monthly installments until 2015, while our secured bank loans are originally repayable in quarterly installments until 2019.

We have repaid early our secured bank loans in full during the financial year ended March 31, 2013. Our bank loans bear interest at weighted annual effective rates of 3.1%, 3.8%, 2.8% to 3.1% and 2.7% to 2.9%, as of March 31, 2011, 2012 and 2013 and July 31, 2013, respectively.

We have unsecured variable rate borrowings and as of March 31, 2011, 2012 and 2013 and July 31, 2013, the interest rates were repriced at 1.4% to 2.2%, 1.4% to 2.8%, 1.4% to 2.8% and 1.4% to 2.8% per annum over the respective bank's cost of fund or Hong Kong Interbank Offer Rate (HIBOR) for the floating rate unsecured loans. We have secured variable rate borrowings as of March 31, 2011 and 2012, the interest rates of which were repriced at 110% and 110% of base rate issued by People's Bank of China for the floating rate secured loans, respectively and no such borrowings outstanding as of March 31 and July 31, 2013.

As of March 31, 2011, 2012 and 2013 and July 31, 2013, our unsecured bank loans with a carrying amount of approximately HK$80.6 million, HK$105.0 million, HK$65.5 million and HK$51.5 million, respectively, had to comply with certain loan covenants.

Our bank loans are generally under the following financial covenants: (i) a consolidated tangible net worth at a level not less than HK$480 million at any time; (ii) a consolidated gearing ratio at a level of less than 0.8 at all time; (iii) a consolidated current ratio at a level of not less than 1.1 at all time; (iv) a consolidated interest coverage ratio and debt service coverage ratio at a level of not less than 3.5 times and 5 times, respectively, at all time; and (v) a consolidated earnings before interest and taxes to net interest at a level of not less than 2.5 times. In the event of a breach of the covenants, the bank may declare that the loan to be cancelled and the loan together with all interest, fees and commissions accrued to be immediately due and payable to the bank. During the financial year ended March 31, 2013, we breached one of the financial covenants of a bank loan with a carrying amount of HK$36.5 million as of March 31, 2013, which required us to maintain our consolidated debt service coverage ratio of not less than 5 times. Upon our discovery of the breach in March 2013 when we were reviewing our management accounts up to February 2013, our Directors immediately informed the relevant lender and commenced a negotiation on the terms of the relevant loan with such lender. As of March 31, 2013, the negotiation had not completed, therefore, the loan was classified as a current liability as of that date. On May 23, 2013, we obtained a waiver letter from the bank to waive our breach of the relevant covenant in the loan agreement. There have not been any cross breaches among our borrowings.

To avoid the reoccurrence of similar incidents, since April 2013, we have adopted procedures on cash and treasury management to ensure compliance with the terms and conditions stipulated in the loan agreements which we entered into. Such internal control measures include a control checklist of

the terms and conditions of each loan agreement, and monthly review of compliance with these terms and conditions with proper documentation conducted by our financial controller Leung Hon Shing and two other employees in our finance department, including one treasury manager and one accounts manager, who are also responsible for our Group's on-going compliance with the covenants contained in our various financial instruments. Both of them has accumulated years of experience in the field of accounting and finance, and our Directors consider their qualification and experience adequate and sufficient for our Group's on-going monitoring and compliance.

Trust Receipt Loans

As of March 31, 2011, 2012 and 2013 and July 31, 2013, the balance of our trust receipt loans amounted to HK$639.6 million, HK$306.0 million, HK$421.5 million and HK$480.2 million, respectively. Our trust receipt loans were unsecured and bear effective annual interest rates ranging from 1.1% to 2.1%, 1.4% to 3.9%, 1.8% to 3.0% and 1.9% to 2.8%, respectively, for each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013.

The decrease of trust receipt loans in the financial year ended March 31, 2012 compared to the financial year ended March 31, 2011 was primarily due to (i) the general increase in the effective interest rate of trust receipt loans in the financial year ended March 31, 2012; and (ii) the decrease in our purchases from our principal suppliers as a result of the decrease in our sales. The increase in trust receipt loans in the financial year ended March 31, 2013 compared to the financial year ended March 31, 2012 was primarily due to our increased repayment of long-term borrowings during the financial year ended March 31, 2013, which led to the increase in our demand for short-term borrowings and trust receipt loans. The increase in our trust receipt loans for the four months ended July 31, 2013 was primarily due to the increase of purchases from our principal suppliers during the first few months of each financial year as a result of the resumed customer orders after the Chinese New Year and our stock up of inventory to prepare for the demand of coming quarter with reference to our customers' forecasted needs.

The trust receipt loan, as a type of short-term import credit facility, is a fixed loan secured against a trust receipt and is available for a fixed period. Given the nature of the trust receipt loan, and the relatively low set-up cost and effective interest rates of our trust receipt loans during the three financial years ended March 31, 2013, we generally used trust receipt loans instead of bank borrowings to settle our purchases from our principal suppliers during the three financial years ended March 31, 2013. In comparison, the set-up cost of trust receipt loans was 0.25% for the first US$50,000 and 0.0625% for the remaining balance, while that of long term bank borrowings was 0.25% to 0.5% of the total borrowing amount. The repayment period of our trust receipt loans was 120 days.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our primary uses of cash are to satisfy our working capital needs and our capital expenditure requirements. During the three financial years ended March 31, 2013 and the four months ended July 31, 2013, our working capital needs and capital expenditure requirements have been financed through a combination of shareholders' equity, cash generated from operations, bank borrowing and payables. The following table is a condensed summary of our audited combined statements of cash flow for the periods indicated:

	Financial Year Ended March 31,			Four Months Ended July 31,	
	2011	2012	2013	2012	2013
				(unaudited)	
			(HK$ in thousands)		
Cash flows:					
Net cash inflow/(outflow) from operating activities	5,822	226,393	27,237	(60,697)	(89,105)
Net cash (outflow) from investing activities	(90,598)	(36,680)	(31,092)	(753)	(1,194)
Net cash inflow/(outflow) from financing activities	86,245	(269,812)	60,090	91,392	42,069
Net Increase/(decrease) in cash and cash equivalents	1,469	(80,099)	56,235	29,942	(48,230)
Cash and cash equivalents at beginning of year	410,050	417,068	333,258	333,258	390,395
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,549	(3,711)	902	2,264	(1,525)
Cash and cash equivalents at the end of year	417,068	333,258	390,395	365,464	340,640

Cash Flow from Operating Activities

We derive our cash generated from operating activities principally from the receipt of payments for the sale of our products. Our cash used in operating activities is principally for payments for purchase of electronic components from third-party principals and other suppliers.

For the four months ended July 31, 2013, we recorded net cash outflow from operating activities of approximately HK$89.1 million, which comprised operating profit before changes in working capital of approximately HK$27.2 million, adjusted for changes on certain non-cash items such as trade and bills receivables, inventories, trade payables and other payables and usage of cash such as income tax paid and interest paid resulting in a net working capital outflow of approximately

HK$116.3 million. The net working capital outflows were due primarily to an increase in trade and bills receivables of approximately HK$64.9 million, an increase in inventories of approximately HK$73.1 million and the interest paid of approximately HK$6.1 million. The amount was partially offset by an increase in trade and bills payables of approximately HK$20.1 million.

For the financial year ended March 31, 2013, we recorded net cash inflow from operating activities of approximately HK$27.2 million, which comprised operating profit before changes in working capital of approximately HK$78.6 million, adjusted for changes on certain non-cash items resulting in a net working capital outflow of approximately HK$51.4 million. The net working capital outflows were due primarily to an increase in inventories of approximately HK$13.4 million, decreases in trade and bills payables of approximately HK$11.6 million and other payables of approximately HK$10.9 million and income tax paid in the amount of approximately HK$8.3 million and interest paid in the amount of approximately HK$15.5 million; offset in part by a decrease in trade and bills receivables of approximately HK$10.4 million.

For the financial year ended March 31, 2012, we recorded net cash inflow from operating activities of approximately HK$226.4 million, which comprised operating profit before changes in working capital of approximately HK$85.7 million, adjusted for, inter alia, decreases in trade and bills receivables and inventories in the amount of approximately HK$123.5 million and HK$113.7 million, respectively. The significant decrease in our trade and bills receivables for the financial year ended March 31, 2012 was primarily due to (i) the decrease in our revenue during the same period; and (ii) our increased efficiency in the collection of trade and bills receivables as a result of our monitoring of the trade and bills receivables. The decrease in our inventories for the financial year ended March 31, 2012 was primarily due to our management's decision to reduce purchases from our principal suppliers in order to minimize the risk of overstock and control our inventory at a level below average demand to avoid obsolescence. The working capital inflow for the financial year ended March 31, 2012 was offset in part by a decrease in trade and bills payables of approximately HK$68.7 million. As a result of the above and minor changes in other items, we recorded a net working capital inflow of approximately HK$140.7 million.

For the financial year ended March 31, 2011, we recorded net cash inflow from operating activities of approximately HK$5.8 million, which comprised operating profit before changes in working capital of approximately HK$150.2 million, adjusted for increases in trade and bills receivables and inventories in the amount of approximately HK$83.0 million and HK$20.0 million, respectively, decreases in trade and bills payables in the amount of approximately HK$22.2 million and the income tax paid in the amount of approximately HK$22.9 million and interest paid in the amount of approximately HK$13.5 million. As a result of the above and minor changes in other items, we recorded a net working capital outflow of approximately HK$144.4 million.

Cash Flow from Investing Activities

Our cash used in investing activities was primarily for purchases of property, plant and machinery.

Net cash used in investing activities was approximately HK$1.2 million for the four months ended July 31, 2013. The amount was mainly attributable to purchase of property, plant and equipment of approximately HK$1.1 million.

Net cash used in investing activities was approximately HK$31.1 million in the financial year ended March 31, 2013. This was primarily due to the establishment of GW Electronics Company Limited, a limited liability company in which we hold a minority stake of 49%.

Net cash used in investing activities was approximately HK$36.7 million in the financial year ended March 31, 2012. This was primarily due to renovation of offices in Hong Kong during the year and placement of restricted bank deposits of approximately HK$27.3 million.

Net cash used in investing activities was approximately HK$90.6 million in the financial year ended March 31, 2011. This was primarily due to the purchase of office premises for our Shanghai office in 2010.

Cash Flow from Financing Activities

We derived our cash generated from financing activities principally from bank borrowings and trust receipt loans. Our cash used in financing activities was principally for repayments of bank borrowings and trust receipt loans and payment of dividends.

For the four months ended July 31, 2013, we recorded net cash inflow from financing activities of approximately HK$42.1 million. The cash inflow represented the net proceeds from trust receipt loans of approximately HK$58.8 million. We obtained proceeds from bank borrowings of approximately HK$50.0 million and repaid bank borrowings of approximately HK$66.7 million.

For the financial year ended March 31, 2013, we recorded net cash inflow from financing activities of approximately HK$60.1 million. The cash inflow represented the net proceeds from trust receipt loans of approximately HK$115.5 million. We obtained proceeds from bank borrowings of approximately HK$76.4 million and repaid bank borrowings of approximately HK$102.3 million. We also paid a dividend of approximately HK$29.5 million.

For the financial year ended March 31, 2012, we recorded net cash used in financing activities of approximately HK$269.8 million. The cash outflow represented the net repayment of trust receipt loans of approximately HK$333.6 million and a repayment of bank borrowings of approximately HK$35.3 million. We raised net proceeds of approximately HK$46.1 million by way of rights issue and obtained bank borrowings of approximately HK$92.0 million. We also paid a dividend of approximately HK$38.5 million to our Shareholders.

For the financial year ended March 31, 2011, we recorded net cash inflow from financing activities of approximately HK$86.2 million. The cash inflow was a result of the net proceeds from trust receipt loans in the amount of approximately HK$95.2 million and the proceeds from bank borrowings of approximately HK$145.7 million. We repaid bank borrowings in the amount of approximately HK$123.1 million. We also paid a dividend of approximately HK$31.5 million.

INDEBTEDNESS

Borrowings and Banking Facilities

The table below set forth our bank borrowings as of the dates indicated:

	As of March 31,			As of July 31,	As of September 30,
	2011	2012	2013	2013	2013
	(HK$ in thousands)				
Secured	33,049	30,570	—	—	—
Unsecured	103,400	163,800	168,300	151,600	145,300
	136,449	194,370	168,300	151,600	145,300

The weighted annual effective interest rates (which are also equal to the contracted interest rates) on our borrowings are as follow:

	As of March 31,			As of July 31,	As of September 30,
	2011	2012	2013	2013	2013
Fixed rate borrowing	—	—	3.12%	2.90%	2.90%
Variable rate borrowings	3.11%	3.75%	2.78%	2.70%	2.76%

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

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

	As of March 31,			As of July 31,	As of September 30,
	2011	2012	2013	2013	2013
Effective interest rate per annum	1.12% to 2.08%	1.4% to 3.86%	1.82% to 2.98%	1.86% to 2.78%	1.80% to 2.76%

As of September 30, 2013, we have unutilized banking facilities of approximately HK$615.9 million.

As of the close of business on September 30, 2013, being the latest practicable date for the purpose of ascertaining information contained in the indebtedness statement of our Group, we have outstanding unsecured bank borrowings of approximately HK$145.3 million and unsecured trust receipt loans of approximately HK$580.2 million.

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

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

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

Disclaimer

Save as disclosed in the sub-section headed "— Indebtedness", we did not have any other outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as of the Latest Practicable Date.

We currently do not have material external debt financing in place and is not likely to raise any material external debt financing in the near future. We are generally able to meet our capital commitments with cash from its operating activities.

COMMITMENTS

Our commitments are primarily related to the non-cancellable operating leases payments, which represent rentals payable by us for certain of the office premises and warehouse. Leases are negotiated for an average term of two years and rentals are fixed for an average of two years. As of March 31, 2011, 2012 and 2013 and July 31, 2013, we have operating lease commitments as follows:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Minimum lease payments under operating leases included in the profit or loss.....	13,193	12,535	12,756	4,123

As of March 31, 2011, 2012 and 2013 and July 31, 2013, we have outstanding commitments under non-cancellable operating leases, which fall due as follows:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Outstanding commitments:				
Within one year	7,535	9,212	8,771	7,986
In the second to fifth years	1,615	11,380	5,481	3,327
Total	9,150	20,592	14,252	11,313

CONTINGENT LIABILITIES

Guarantees

Our Company had given unlimited corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its subsidiaries including Array Electronics (China) Limited, Valence Semiconductor Design Limited, Willas-Array Electronics (Hong Kong) Limited and Willas-Array Electronics (Shanghai) Limited. As of March 31, 2011, 2012 and 2013 and July 31, 2013, the aggregate banking facilities granted to the subsidiaries were approximately HK$1,256.1 million, HK$1,413.3 million, HK$1,395.8 million and HK$1,330.1 million, respectively, of which approximately HK$792.1 million, HK$535.1 million, HK$604.4 million and HK$654.5 million, respectively, was utilized and guaranteed by our Company.

As of March 31, 2013 and July 31, 2013, our Company had given corporate guarantees (unsecured) of approximately HK$78.6 million and HK$114.6 million to its banks in respect of banking facilities granted to its associates including GW Electronics Company Limited, of which nil and HK$19.0 million banking facilities have been utilized by its associates, respectively.

As of March 31, 2011, 2012 and 2013 and July 31, 2013, our Company had also given unlimited guarantees to certain suppliers in relation to the settlement of the respective payables of our wholly-owned subsidiaries including Willas-Array Electronics (Hong Kong) Limited. The aggregate amounts payable to these suppliers under guarantee were approximately HK$165.1 million, HK$125.8 million, HK$174.8 million and HK$137.9 million, respectively.

Interest Rate Swaps

Unlike a typical interest rate swap which is usually a "fixed-for-floating" swap where one party pays a fixed interest rate to the other party while receiving an amount that is calculated using a benchmark floating interest rate for a predetermined length of time based upon a notional principal amount, we have entered into a knock out interest rate swap and a USD/HKD performance swap, where a benchmark floating interest rate may not be strictly used in the calculation of the amount payable by the fixed rate payer on each payment date.

Knock Out Interest Rate Swap

Notional amount	Trade dates	Contracted interest rates/ strike rates	Number of remaining settlements
HK$50,000,000.....	5 years — July 24, 2009 to July 28, 2014	First two years: Receive a fixed subsidy of 0.1% interest income on a quarterly basis. Third to fifth year: If the 3-month HIBOR rate is equal to or below 7%: pay an interest expense at 3.62% on a quarterly basis at the settlement date while receiving an interest income of 3-month HIBOR rate; If the 3-month HIBOR rate is above 7%: pay an interest expense of 3-month HIBOR rate on a quarterly basis at the settlement date while receiving an interest income of 3-month HIBOR rate.	As of March 31, 2011, 2012 and 2013, this swap had 14, 10 and 6 remaining quarterly settlements, respectively, with final maturity on July 28, 2014.

A knock out swap is an interest rate swap where the fixed rate reverts to a floating rate for certain calculation periods when the floating rate is fixed at or above a certain threshold. The fixed rate of the swap is subsidized by the premiums from the sale of the swap and is lower than that of a comparable plain interest rate swap. The knock out swap enabled us to enjoy a lower fixed interest expense for the swap as it has limited the bank's downside risk in the event of an unexpectedly high interest rate. Effectively if the 3-month HIBOR is above 7% during the third to fifth year, the interest income cancels out the expense and no payments would be made.

USD/HKD Performance Swap

Notional amount	Trade dates	Contracted interest rates/exchange rates	Number of remaining settlements
(i) interest rate transaction			
HK$15,000,000.....	March 1, 2010 to March 3, 2013	Receive an interest income of 3-month HIBOR plus 1% for the notional amount on a quarterly basis, while obligated to pay an interest expense of 3-month HIBOR capped at 2.5%.	As of March 31, 2011 and 2012, this transaction has 8 and 4 remaining quarterly settlements respectively
(ii) foreign exchange transaction			
USD3,300,000	April 1, 2010 to March 1, 2012	If the mid rate of HKD/USD was less than the strike rate: receive the notional amount while obligated to pay an amount in HKD calculated by multiplying the notional amount by the strike rate of 7.7350 (expressed as the amount of HKD per one USD).	As of March 31, 2011, this transaction has 12 remaining monthly settlements

The USD/HKD performance swap consisted of two independent portions, being (i) an interest rate swap, and (ii) a series of foreign exchange transactions. Under an interest rate swap, we received an interest income of 3-month HIBOR plus 1% for the notional amount on a quarterly basis, while we were obligated to pay an interest expense of 3-month HIBOR capped at 2.5%. The performance swap enabled us to enter into an interest rate swap at a more attractive interest rate, while in return, under the foreign exchange transactions, we would be obliged to buy a certain amount of USD against HKD at the strike rate of 7.7350 if HKD had appreciated against USD beyond the strike rate. The only downward risk of the performance swap was that we would suffer from a foreign exchange loss when HKD had appreciated against USD beyond the strike rate of 7.7350, however as HKD is pegged to USD at the rate of US$1 to HK$7.8 by the Hong Kong Monetary Authority, we were of the view that such situation was unlikely to occur. During the trade dates of the performance swap from March 1, 2010 to March 3, 2013, no foreign exchange transactions have been carried out pursuant to the terms of the performance swap.

We entered into these swap contracts for the reasons that (i) in anticipation of a rise in the interest rate after 2008, the knock out interest rate swap provided hedging against interest rate risks; (ii) similarly, the performance swap provided protection against currency risk in addition to minimizing our cash flow interest rate risk in relation to the floating interest rates over the contract period; and (iii) very limited plain swap contracts were available from our principal banks at the relevant time we entered into these contracts, forcing us to opt for these contracts.

The above derivatives are measured at fair value at the end of each reporting period. Their fair values are determined as follows:

- foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted exchange rates matching maturities of the contracts; and

- interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value changes of derivative financial instruments have been recognized in profit or loss as part of other gains and losses during the three financial years ended March 31, 2013.

The following table details the forward foreign currency contracts outstanding as of the end of the reporting period:

Outstanding contracts	Exchange rates				Amount in foreign currency				Total notional amount				Fair value			
	As of March 31,			As of July 31,	As of March 31,			As of July 31,	As of March 31,			As of July 31,	As of March 31,			As of July 31,
	2011	2012	2013	2013	2011	2012	2013	2013	2011	2012	2013	2013	2011	2012	2013	2013
					'000	'000	'000	'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Buy SGD and sell HKD				SGD1/				3,600				22,035				(86)
Less than 3 months				HK$6.0870 to 6.1885												
Buy YEN and sell HKD	YEN 1/	YEN 1/	YEN 1/	YEN 1/	200,000	422,000	90,000	123,000	18,954	40,109	7,290	9,446	(146)	(205)	136	307
Less than 3 months	HK$0.0948	HK$0.09338 to 0.09632	HK$0.081	HK$0.0768												
Buy USD and sell HKD	US$1/	—	—	—	7,500	—	—	—	58,072	—	—	—	28	—	—	—
Less than 3 months	HK$7.7145 to 7.7450															
Buy CNY and sell USD	—	US$1/	—	—	—	600	—	—	—	4,662	—	—	—	—	—	—
Less than 3 months		CNY6.68 to 6.88														
Buy CNY and sell USD	US$1/	—	—	—	2,400	—	—	—	18,696	—	—	—	3	—	—	—
Over 1 year	CNY6.68 to 6.88															
									95,722	44,771	7,290	31,481	(115)	(205)	136	221

Note: The foreign currency forwards will be settled in net at maturity of the contracts.

We bought RMB forward foreign currency contracts for our daily operations in the PRC, and USD and JPY forward contracts for our purchases from our principal suppliers. We principally use the derivative financial instruments as risk management tools for hedging foreign currency based transactions and for managing our assets and liabilities. During the three financial years ended March 31, 2013, we did not enter into derivative transactions for speculative purposes. Other than the above-mentioned contracts, we have not entered into any currency swap contracts.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Other than as set forth above, we have not entered into any other off-balance sheet transactions as of the Latest Practicable Date.

CAPITAL EXPENDITURES

Historical Capital Expenditures

We have funded our historical capital expenditures through cash flows generated from operating activities and bank borrowings. The following table sets forth a summary of our committed capital expenditures as of March 31, 2011, 2012 and 2013 and July 31, 2013:

	As of March 31,			As of July 31,
	2011	2012	2013	2013
	(HK$ in thousands)			
Capital expenditure in respect of the acquisition of property, plant and equipment authorized but not contracted for	5,177	172	—	—

Planned Capital Expenditures

Our capital expenditures are expected to primarily consist of expenditures related to the further investment in the associates of our Group, GW Electronics Company Limited and its subsidiaries. Based on our current plan, we currently expect to incur capital expenditure of approximately HK$50 million, which will be funded by our internal resources. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our business plans, the market conditions and various other factors we believe to be appropriate.

WORKING CAPITAL

Our Directors believe that, after taking into account the financial resources presently available to us, including our internal resources and the available credit facilities, we have sufficient working capital for our working capital requirements for at least the next 12 months from the date of publication of this Listing Document.

UNAUDITED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2013

The following is a summary of our selected unaudited consolidated statement of profit or loss and other comprehensive income items for the six months ended September 30, 2012 and 2013, which are extracted from and have been prepared in accordance with the basis set forth in the Unaudited Interim Condensed Consolidated Financial Statements, the text of which is set forth in Appendix II to this Listing Document. Results for the six months ended September 30, 2013 may not be indicative of our full year results for the financial year ending March 31, 2014 or any future periods.

Selected Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Six Months Ended September 30,	
	2012	**2013**
	(unaudited)	**(unaudited)**
	(HK$ in thousands)	
Revenue	1,667,356	1,628,996
Cost of sales	(1,506,030)	(1,454,907)
Gross profit	161,326	174,089
Profit before tax	29,024	30,450
Income tax expense	(7,284)	(9,044)
Profit for the period	21,740	21,406
Profit attributable to:		
Owners of the Company	22,425	23,595
Non-controlling interests	(685)	(2,189)
	21,740	21,406

Six Months Ended September 30, 2013 Compared to Six Months Ended September 30, 2012

Revenue

Our revenue for the six months ended September 30, 2013 amounted to approximately HK$1,629.0 million, representing a decrease of approximately 2.3% from the same period in 2012. As disclosed in the sub-sections headed "— Four Months Ended July 31, 2013 Compared to Four Months Ended July 31, 2012 — Revenue" in this section and "History, Development and Corporate Structure — Our Corporate History and Development — Establishment of GW Electronics Company Limited" in this Listing Document, the decrease in revenue was primarily due to the gradual transfer of Toshiba-related business to GW Electronics Company Limited, which was established in November 2012 and commenced operation in January 2013. During this period, the loss of revenue from the sales of Toshiba products resulting from the transfer amounted to approximately HK$57.0 million. Sales of

Toshiba products constituted approximately 8.8% of our total revenue of the financial year ended March 31, 2013, and we expect the transfer will take place primarily during the financial year ending March 31, 2014.

The following tables set forth the breakdown of our revenue by business segments, application segments and product categories for the six months ended September 30, 2012 and 2013, respectively:

Revenue by Business Segments

	Six Months Ended September 30,			
	2012		2013	
	(unaudited)		(unaudited)	
	(HK$ in thousands, except percentages)			
Business segments:				
Trading of electronic components	1,653,708	99.2%	1,620,101	99.5%
Trading and designing integrated circuits:				
Trading and designing integrated circuits (before elimination)	32,802	1.9%	27,031	1.6%
Elimination[(1)]	(19,154)	(1.1%)	(18,136)	(1.1%)
Trading and designing integrated circuits (after elimination)	13,648	0.8%	8,895	0.5%
Total	1,667,356	100.0%	1,628,996	100.0%

Note:

(1) Elimination of inter-company transactions of trading and designing integrated circuits.

Revenue by Application Segments

	Six Months Ended September 30,			
	2012		2013	
	(unaudited)		(unaudited)	
	(HK$ in thousands, except percentages)			
Application segments:				
Industrial	381,846	22.9%	416,104	25.5%
Telecommunications	257,513	15.5%	205,113	12.6%
Dealers	223,358	13.4%	250,224	15.4%
Home appliances	214,043	12.8%	192,388	11.8%
EMS	134,993	8.1%	119,733	7.4%
Automotive	110,766	6.6%	117,009	7.2%
Audio and video	180,120	10.8%	173,046	10.6%
Lighting	83,495	5.0%	76,467	4.7%
Others	81,222	4.9%	78,912	4.8%
Total	1,667,356	100.0%	1,628,996	100.0%

Revenue by Product Categories

	Six Months Ended September 30,							
	2012				2013			
	Revenue	Sales volume	Average selling price	Average purchase cost	Revenue	Sales volume	Average selling price	Average purchase cost
		(unaudited)				(unaudited)		
	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)	(HK$ in thousands)	(thousand pieces)	(HK$)	(HK$)
Product categories:								
Active components:								
Integrated circuits	620,205	196,753	3.152	2.862	614,423	190,326	3.228	2.936
Discrete components	395,222	368,645	1.072	0.974	356,244	324,079	1.099	0.994
Passive and interconnecting components	651,929	4,580,324	0.142	0.128	658,329	5,398,449	0.122	0.106
Total	1,667,356	5,145,722	0.324	0.293	1,628,996	5,912,854	0.276	0.246

The business segment of trading of electronic components remained as our primary revenue source, generating approximately 99.5% of our total revenue during the six months ended September 30, 2013. On the other hand, the business segment of trading and designing integrated circuits decreased moderately, from approximately HK$13.6 million to HK$8.9 million as a result of the softening of demand for the smartphone audio docking products developed by ValenceTech Group. Regarding our application segments, our revenue in the industrial, automotive and the dealers segments have increased considerably as we continued to invest resources in enhancing our engineering services capability for the industrial and automotive segments, while in the dealers segment, we obtained more package deals available from our principal suppliers. Meanwhile our revenue from the telecommunications segment decreased by approximately 20.3% as the telecommunications projects we had with one of our sizable Taiwan-based customers had come to an end. As for the product categories, the average selling prices and the average purchase costs of our active components slightly increased while those of passive and interconnecting components decreased in a comparatively larger degree. Despite the decrease in selling prices, due to our increased engineering efforts, our revenue and sales volume of passive and interconnecting components increased by approximately 1.0% and 17.9% respectively during the period.

Cost of Sales

Our cost of sales decreased from approximately HK$1,506.0 million for the six months ended September 30, 2012 to approximately HK$1,454.9 million for the six months ended September 30, 2013, representing a decrease of approximately HK$51.1 million, or 3.4%. The decrease in our cost of sales was primarily due to our decrease in sales as compared to the same period in 2012.

Gross Profit and Gross Profit Margin

The following tables set forth the breakdown of our gross profit by business segments, application segments and product categories for the six months ended September 30, 2012 and 2013, respectively:

Gross Profit and Gross Profit Margin by Business Segments

	Six Months Ended September 30,			
	2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(unaudited) (HK$ in thousands, except percentages)		(unaudited)	
Business segments:				
Trading of electronic components	146,909	8.9%	163,982	10.1%
Trading and designing integrated circuits	15,734	48.0%	7,987	29.5%
Elimination[(1)]	(1,317)	—	2,120	—
Total	161,326	9.7%	174,089	10.7%

Note:

(1) Elimination of unrealized profit on unsold stock from inter-company transactions.

Gross Profit and Gross Profit Margin by Application Segments

	Six Months Ended September 30,			
	2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(unaudited) (HK$ in thousands, except percentages)		(unaudited)	
Application segments:				
Industrial	32,281	8.5%	45,320	10.9%
Telecommunications	29,296	11.4%	25,728	12.5%
Dealers	16,107	7.2%	15,487	6.2%
Home appliances	16,551	7.7%	19,958	10.4%
EMS	10,744	8.0%	10,340	8.6%
Automotive	8,413	7.6%	11,432	9.8%
Audio and video	29,551	16.4%	25,401	14.7%
Lighting	8,983	10.8%	10,302	13.5%
Others	9,400	11.6%	10,121	12.8%
Total	161,326	9.7%	174,089	10.7%

Gross Profit and Gross Profit Margin by Product Categories

	Six Months Ended September 30,			
	2012		2013	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(unaudited)		(unaudited)	
	(HK$ in thousands, except percentages)			
Product categories:				
Active components:				
Integrated circuits	57,147	9.2%	55,572	9.0%
Discrete components	36,243	9.2%	33,961	9.5%
Passive and interconnecting components	67,936	10.4%	84,556	12.8%
Total	161,326	9.7%	174,089	10.7%

As illustrated in the tables above, our overall gross profit increased by approximately 7.9% while our overall gross profit margin increased from approximately 9.7% to approximately 10.7% compared to the same period in 2012. The increase in our gross profit and gross profit margin was primarily due to the improvement in our stock quality owing to stabilizing market conditions where we were no longer required to offer highly competitive pricing for clearance of our inventories, and our strategy of enhancing our engineering solution services, the effect of which was most obvious in the industrial, automotive and home appliances segments. The gross profit margin of active components remained stable compared to the same period in 2012, while that of passive and interconnecting components increased significantly from approximately 10.4% to approximately 12.8%, primarily due to more favorable terms being offered by our principal suppliers in recognition of our engineering efforts on their products. The decline in our gross profit margin of the trading and designing integrated circuits segment was primarily due to the weak demand for the smartphone audio docking solutions developed by ValenceTech Group.

Other Operating Income

Our other operating income increased from approximately HK$2.0 million for the six months ended September 30, 2012 to approximately HK$2.1 million for the six months ended September 30, 2013, representing an increase of approximately 4.7%. The increase in other operating income was primarily due to an increase in PRC tax rebate from nil to HK$0.6 million and an increase of service income from our associate GW Electronics Company Limited for the information technology support services that we provided since January 2013 offset by the decrease in interest income.

Distribution Costs

Our distribution costs increased significantly from approximately HK$11.3 million for the six months ended September 30, 2012 to approximately HK$21.6 million for the six months ended September 30, 2013, representing an increase of approximately HK$10.3 million, or 91.4%. This

increase was primarily due to the reversal of sales incentive provision for our sales staff resulting in a negative amount of approximately HK$2.0 million for the six months ended September 30, 2012 compared to the normal accrued sales incentive for our sales staff of approximately HK$5.7 million for the six months ended September 30, 2013. As a result of the decrease in our revenue, the staff incentive payments paid during the six months ended September 30, 2012 were lower than the provisioned amount made for the financial year ended March 31, 2012, therefore, the reversal of sales incentive provision was made with reference to the actual incentive payments paid during the period.

Administrative Expenses

Our administrative expenses remained at a similar level with slight decrease from approximately HK$109.4 million for the six months ended September 30, 2012 to approximately HK$108.5 million for the six months ended September 30, 2013, representing a decrease of approximately 0.8%.

Other Gains and Losses

Our other losses for the six months ended September 30, 2013 were substantially reduced by approximately HK$5.6 million, or 93.3%, compared to the same period of 2012. Our other losses of HK$0.4 million for the six months ended September 30, 2013 were primarily due to an exchange gain offset by an allowance for doubtful trade receivables made, while other losses of HK$6.0 million for the six months ended September 30, 2012 were primarily due to an exchange loss and an allowance for doubtful trade receivables.

Finance Costs

Our finance costs slightly increased from approximately HK$7.6 million for the six months ended September 30, 2012 to approximately HK$7.9 million for the six months ended September 30, 2013, representing an increase of approximately HK$0.3 million, or 4.7%. The increase in our finance costs was primarily due to the slight increase of trust receipt loans and bank borrowings from a total of approximately HK$715.5 million as of September 30, 2012 to approximately HK$725.5 million as of September 30, 2013.

Income Tax Expense

Our income tax expense increased from approximately HK$7.3 million for the six months ended September 30, 2012 to approximately HK$9.0 million for the six months ended September 30, 2013, representing an increase of approximately HK$1.7 million, or 24.2%. The increase in our income tax expense was primarily due to the increase in taxable profit in the six months ended September 30, 2013.

Profit Attributable to Our Shareholders

As of the cumulative effect of the foregoing, profit attributable to our Shareholders for the six months ended September 30, 2013 slightly increased from approximately HK$22.4 million for the six months ended September 30, 2012 to approximately HK$23.6 million for the six months ended

September 30, 2013, representing an increase of approximately HK$1.2 million, or 5.2%. Our net profit margin increased slightly from approximately 1.3% for the six months ended September 30, 2012 to approximately 1.4% for the six months ended September 30, 2013.

RECENT DEVELOPMENTS

Our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial, operational or trading positions or our prospects since September 30, 2013, and there has been no event since September 30, 2013 that would materially affect the financial information as shown in the Accountants' Report set out in Appendix I to this Listing Document and the Unaudited Interim Condensed Consolidated Financial Information set out in Appendix II to this Listing Document. There have been no material fluctuations in our revenue and gross profit for the month October 2013 and up to the Latest Practicable Date as compared to the same period in 2012. Our Directors also confirm that we did not have any material non-recurring income or expenses for the month October 2013 and up to the Latest Practicable Date, save for certain expenses incurred in relation to the Listing.

Based on our Directors' understanding of the market conditions and our customers' historical ordering pattern, we anticipate our performance during the financial year ending March 31, 2014 will be steady and our revenue will be at a similar level as our financial year ended March 31, 2013. Despite the transfer of Toshiba-related business (which constituted approximately 8.8% of our total revenue of the financial year ended March 31, 2013), which will take place primarily during the financial year ending March 31, 2014, we anticipate we are able to recover a considerable portion of such decline in revenue due to a gradual slowly yet recovering global economy. On the other hand, we anticipate our profit margins will be sustained due to our increased emphasis on providing value-added services, especially engineering solutions to our customers. As compared to the financial year ended March 31, 2013, our Directors expect that there will not be any material adverse changes in our revenue and profit margins in the financial year ending March 31, 2014.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISKS

We are exposed to financial risks arising from our business operations and use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. Our Directors reviews and agrees to the policies and procedures for the management of these risks, which are executed by our treasury department. We have maintained a policy throughout the three financial years ended March 31, 2013 and the four months ended July 31, 2013 that no derivatives should be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations due to shortage of funds. Our objective is to maintain a balance between continuity of funding and flexibility through the use of committed credit facilities. The committed unutilized banking facilities made available to our Group as of March 31, 2011, 2012 and 2013 and July 31, 2013 were approximately HK$465.4 million, HK$879.6 million, HK$793.7 million and HK$677.0 million, respectively.

We manage liquidity risk by maintaining sufficient cash and the availability of adequate banking facilities to finance our operations and mitigate the effects of fluctuations in cash flows.

Credit Risk

As of March 31, 2011, 2012 and 2013 and July 31, 2013, our maximum exposure to credit risk, which could cause a financial loss to our Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by our Group, is arising from:

- the carrying amount of the respective recognized financial assets as stated in the statements of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by our Group as disclosed in Note 41 of the Accountants' Report as set out in Appendix I to this Listing Document.

In order to minimize the credit risk, our management have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our Directors consider that our credit risk is significantly reduced.

We also believe our credit risk on liquid funds is limited because the counterparties are reputable banks.

Other than concentration of credit risk on liquid funds, which are deposited with several reputable banks, we had concentration of credit risk on trade receivables as 9%, 5%, 5% and 4% of the total trade receivables were due from our largest customer as of March 31, 2011, 2012 and 2013 and July 31, 2013, respectively.

We are not exposed to significant credit risk in relation to other financial assets such as cash and cash equivalents.

Foreign Currency Risk and Interest Rate Risk

We use derivative financial instruments, including forward exchange contracts and interest rate swap contracts, to manage our exposure to foreign currency risk and interest rate risk. There has been no change to our exposure to these financial risks or the manners in which we manage and measure the risks.

Foreign Exchange Risk Management

We incur foreign currency risk mainly on sales and purchases that are denominated in currencies other than our functional currencies and therefore are exposed to foreign exchange risk. Set out below is the breakdown of our revenue and purchases by currency during each of the three financial years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013:

Revenue Breakdown by Currency:

	Financial Year Ended March 31,			Four Months Ended July 31,
	2011	**2012**	**2013**	**2013**
United States dollars	63.1%	62.2%	66.5%	64.1%
Hong Kong dollars	19.5%	20.0%	16.6%	16.4%
Chinese renminbi	15.7%	16.5%	15.9%	18.5%
Others	1.7%	1.3%	1.0%	1.0%

Purchases Breakdown by Currency:

	As of March 31,			As of July 31,
	2011	**2012**	**2013**	**2013**
United States dollars	82.0%	83.2%	89.6%	89.1%
Japanese yen	15.4%	14.2%	8.0%	7.5%
Others	2.6%	2.6%	2.4%	3.4%

We are mainly exposed to the fluctuations in the United States dollar and Japanese yen against the Hong Kong dollar. However, as the Hong Kong dollar is pegged to the United States dollar, the exposure of our entities that use Hong Kong dollars as their respective functional currency to the fluctuations in the United States dollar is minimal. The major foreign currency giving rise to our foreign exchange risk is Japanese yen. We have a foreign currency hedging policy to monitor and maintain our foreign exchange exposure at an acceptable level. Further details of our derivative financial instruments and forward foreign currency contracts outstanding as of March 31, 2011, 2012 and 2013 and July 31, 2013 are disclosed in Note 12 to the Accountants' Report set out in Appendix I to this Listing Document.

Interest Rate Risk Management

We entered into interest rate swap contracts to hedge against our exposure to interest rate risks arising from the potential changes in interest rates that may have adverse effects on our results of operations.

Our exposure to interest rates arose primarily from bank borrowings that adopted a floating interest rate. As of March 31, 2011, 2012 and 2013 and July 31, 2013, for our borrowings bore floating interest rates repriced at 1.40% to 2.15%, 1.40% to 2.75%, 1.4% to 2.75% and 1.4% to 2.75% per annum over respective bank's cost of fund or HIBOR for the floating rate unsecured loans. We have secured variable rate borrowings as of March 31, 2011 and 2012, the interest rates of which were repriced at 110% and 110% of base rate issued by the People's Bank of China for the floating rate secured loans, respectively. For illustration, if interest rates had been 50 basis points higher or lower while all other variables were held constant, our post-tax profit would decrease or increase by HK$3.2 million, HK$2.1 million, HK$2.3 million and HK$0.8 million for the year ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, respectively. On the other hand, our deposits carried a fixed effective interest rate that ranged from 0.14% to 0.34% for short-term deposits and 2.20% to 3.50% for restricted bank deposits during the three financial years ended March 31, 2013.

Hedging Policy

We use derivative financial instruments, including forward exchange contracts and interest rate swap contracts, to manage our exposure to foreign currency risk and interest rate risk. Our internal control measures to manage hedging risks stipulate that the purpose of entering into any derivative instrument is for hedging purpose only. Under no circumstances will we enter into any derivative instrument for speculative purposes. Our treasury manager, who obtained an accounting certificate from the London Chamber of Commerce and Industry Examinations Board in 1987 and has more than 14 years of experience in treasury management, selects and studies appropriate derivative instruments and passes information to our financial controller to review, which will then require our chairman, Leung Chun Wah, and our Directors to authorize the entering of such instrument. When determining the appropriate financial instruments for our Group, we take into account (i) our maximum exposure of the instruments, which has to be lower than 50% of all outstanding loans, which is the aggregate of all our outstanding trust receipt loans and bank borrowings; and (ii) the stop loss policy, which has to be no greater than 5% of our profit before taxation. In relation to the management of our foreign currency risk, our management reviews our exposure to foreign currency risk from time to time by reviewing our expected monthly foreign currency needs in the next six months and decides whether any hedging activity is appropriate to mitigate our exposure to foreign exchange risk. We will only enter into derivative contracts for an amount less than or equal to the net payment required as estimated by our management or our marketing department. We have not specified any daily limits to open positions. Instead, a monthly report to evaluate the effectiveness of the derivatives is prepared by our treasury manager and passed to our financial controller and our Directors for review, which includes information such as our current position, current gain or loss from hedging and current hedging exposure. As of March 31, 2011, 2012 and 2013, July 31, 2013 and September 30, 2013, respectively, our maximum exposure of the derivative financial instruments was HK$95.7 million, HK$44.8 million, HK$7.3 million, HK$31.5 million and HK$5.5 million, respectively.

Further details on the interest rate swap derivative instruments are disclosed in Note 12 to the Accountants' Report set out in Appendix I to this Listing Document.

PROPERTY INTERESTS

Details relating to our property interests are set out in Appendix III to this Listing Document. DTZ Debenham Tie Leung Limited, an independent property valuer, has valued the properties owned by us as of September 30, 2013. The text of their letters, summaries of values and valuation certificates are set out in Appendix III to this Listing Document.

The table below sets out the reconciliation of the net book value of our property interests as of July 31, 2013 and the valuation of such property interests as of September 30, 2013 as required under Rule 5.07 of the Hong Kong Listing Rules:

	HK$ in thousands
Net book value of our Group as of July 31, 2013	145,834
Depreciation	664
Net book value as of September 30, 2013	145,170
Valuation surplus	99,056
Valuation as of September 30, 2013	244,226

DIVIDEND POLICY

We declared dividends for each of the three financial years ended March 31, 2011, 2012 and 2013 of approximately HK$38.5 million, HK$29.5 million and HK$22.9 million, representing approximately 44.8%, 66.3% and 49.9% of our net profit attributable to owners of our Company, respectively.

Our Directors consider that, in general, the amount of any future dividends to be declared by our Company will depend on our results, working capital, cash position, capital requirements, the provisions of the relevant laws and other factors as may be considered relevant at such time by our Directors. Our Directors currently have no intended dividend payout ratio for the financial year ending March 31, 2014. Our Directors consider that our Company's dividend policy mentioned above will not materially affect our working capital position in the coming years.

Historical declarations of dividends might not reflect our Company's future declarations of dividends and any future dividends will be at the absolute discretion of our Directors. Future dividend payments by our Company may also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS and HKFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiaries may also be restricted if they incur debt or losses, or in accordance with any restrictive covenants in bank credit facilities or other agreements that our Company or our subsidiaries and associated companies may enter into in the future.

DISTRIBUTABLE AND STATUTORY RESERVES

As of July 31, 2013, the aggregate amount of reserves available for distribution to equity shareholders of our Company was approximately HK$454.2 million.

As aforementioned, our PRC subsidiaries are subject to the requirement on accruing statutory reserves in accordance with applicable laws and regulations in the PRC. According to relevant PRC laws, foreign owned companies in the PRC are required to appropriate at least 10% of their net profits after taxation as statutory reserves. The appropriation of the statutory reserves must be made before the distribution of dividends to equity owners. The reserves can be used to recover possible loss during future operations and to support the development of the relevant PRC subsidiaries. When the accumulated statutory reserve funds of a PRC subsidiary reach 50% of its registered capital, it may cease to apportion net profit to the statutory reserves.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects since July 31, 2013, the date of the latest audited financial statements of our Group, and there is no event since July 31, 2013 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Listing Document.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

In March 2013, when our management reviewed the management accounts up to February 2013, we became aware that we have breached one of the financial covenants that requires us to maintain our consolidated debt service coverage ratio of not less than five times. We immediately informed the relevant bank of the breach, and subsequently, obtained a waiver letter dated May 23, 2013 from the relevant bank to waive such covenant for the financial year ended March 31, 2013.

Save as disclosed above, our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

Since our Company is listed on the SGX-ST, our Company's financial statements are currently audited by Deloitte & Touche LLP, Singapore under the Singapore Standards of Auditing.

Our Company's subsequent financial statements after the Listing will be audited by Deloitte Touche Tohmatsu in Hong Kong and such audit will be conducted in accordance with International Auditing and Assurance Standards Board of the International Federation of Accountants.

LISTINGS

Our Company currently has a primary listing of Shares on the Main Board of the SGX-ST, which it intends to maintain alongside its proposed dual primary listing of Shares on the Main Board of the Stock Exchange. Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares.

REGISTRATION

The Bermuda Principal Share Register is maintained in Bermuda by Appleby Management (Bermuda) Limited, the Bermuda Principal Registrar, whose address is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. Our Company also established the Hong Kong Branch Share Register, which is maintained by Boardroom Share Registrars (HK) Limited, the Hong Kong Branch Registrar, whose address is 31/F, 148 Electric Road, North Point, Hong Kong.

The transfer agent for members of our Company in Singapore is Intertrust Singapore Corporate Services Pte. Ltd., the Singapore Transfer Agent, whose address is 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909. Certificates in respect of our Shares registered on the Hong Kong Branch Share Register will, as far as practicable, and unless otherwise requested, be issued in board lots of 5,000 Shares. The Bermuda Principal Registrar will keep in Bermuda duplicates of the Hong Kong Branch Share Register, which will be updated from time to time.

CERTIFICATES

Only certificates for Shares issued by the Hong Kong Branch Registrar will be valid for delivery in respect of dealings effected on the Stock Exchange. Certificates for Shares issued by the Singapore Transfer Agent will be valid for delivery in respect of dealings effected on the SGX-ST. For ease of identification, the certificates for Shares issued by the Hong Kong Branch Registrar will be green in color and the certificates for Shares issued by the Singapore Transfer Agent will be orange in color.

DEALINGS

Dealings in Shares on the Stock Exchange and the SGX-ST will be conducted in Hong Kong dollars and Singapore dollars, respectively. Our Shares are traded on the Main Board of the SGX-ST in board lots of 1,000 Shares and will be traded on the Stock Exchange in board lots of 5,000 Shares. The stock code of the Shares will be 854.

The transaction costs of dealings in our Shares on the Stock Exchange include a Stock Exchange trading fee of 0.005%, a SFC transaction levy of 0.003%, a transfer instrument stamp duty of HK$5 on the seller per transfer instrument and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the fair value of our Shares transferred. The brokerage commission in respect of trades of Shares on the Stock Exchange is freely negotiable.

The brokerage commission in respect of trades of Shares on the SGX-ST is freely negotiable. A clearing fee in Singapore is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600 per transaction. The clearing fee is subject to goods and services tax in Singapore (currently at 7%).

SETTLEMENT

Settlement of Dealings in Singapore

Shares listed and traded on the Main Board of the SGX-ST are traded under the book-entry settlement system of CDP and all dealings in and transactions of Shares through the SGX-ST are effected in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of the SGX-ST, is incorporated under the laws of Singapore and acts as a depository and clearing organization. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the securities accounts maintained by such account holders with CDP.

Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, securities accounts with CDP. The Bermuda Act and the Bye-laws of our Company only recognize the registered owners or holders of our Shares as members. Depositors and Depository Agents on whose behalf CDP holds Shares, may not be accorded the full rights of membership, such as voting rights, the right to appoint proxies, or the right to receive Shareholders' circulars, proxy forms, annual reports, prospectuses and takeover documents. Depositors and Depository Agents will be accorded only such rights as CDP may make available to them pursuant to CDP's terms and conditions to act as depository for foreign securities.

Persons holding Shares in a securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with the Bye-laws of our Company. A fee of S$10 for each withdrawal of 1,000 Shares or less and a fee of S$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing of our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2 (or such other amounts as our Directors may decide) will be payable to the Singapore Transfer Agent for each share certificate issued, and stamp duty of S$10 is also payable where Shares are withdrawn in the name of the person withdrawing Shares, or S$0.20 per S$100 or part thereof of the last-transacted price is payable where Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favor of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can affect the desired trades. A fee of S$10 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$600 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to Singapore goods and services tax of 7%.

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third market day following the transaction date, and payment for the securities is generally settled on the following day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with CDP or a securities sub-account with a Depository Agent. A Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Settlement of Dealings in Hong Kong

Investors in Hong Kong must settle their trades executed on the Stock Exchange through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his Shares in his stock account or in his designated CCASS Participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed instruments of transfer must be delivered to his broker or custodian by the settlement date.

An investor may arrange with his broker on a settlement date in respect of his trades executed on the Stock Exchange. Under the Hong Kong Listing Rules and the CCASS Rules, the date of settlement must be the second Business Day following the trade date on which the settlement services of CCASS are open for use by CCASS Participants (T+2). For trades settled under CCASS, the CCASS Rules provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards.

The CCASS stock settlement fee payable by each counterparty in respect of a Stock Exchange trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK$2 and a maximum fee of HK$100 per trade.

Dividends

Dividends are declared in Hong Kong dollars.

Foreign Exchange Risk

Investors in Singapore who trade in our Shares on the SGX-ST should note that their trades will be effected in Singapore dollars. Investors in Hong Kong who trade in our Shares on the Stock Exchange should note that their trades will be effected in Hong Kong dollars. Accordingly, investors should be aware of the foreign exchange risks associated with such trading. Please refer to the section headed "Risk Factors" in this Listing Document for a discussion on foreign exchange risks.

REMOVAL OF SHARES

Transfer of Shares

All duties, fees and expenses specified herein are subject to changes from time to time.

Currently, all of our Shares are registered on the Bermuda Principal Share Register. For purposes of trading on the Stock Exchange following the Listing, our Shares must be registered on the Hong Kong Branch Share Register. Shares may be transferred between the Bermuda Principal Share Register and Hong Kong Branch Share Register. An investor who wishes to trade on the SGX-ST must have his Shares registered on the Bermuda Principal Share Register in the name of CDP and must deposit the share certificates in respect of such Shares with CDP. An investor who wishes to trade on the Stock Exchange following the Listing must have his Shares registered on the Hong Kong Branch Share Register by removing them from the Bermuda Principal Share Register to the Hong Kong Branch Share Register. A resolution has been passed by our Directors authorizing the removal of Shares between the Bermuda Principal Share Register and the Hong Kong Branch Share Register as may from time to time be requested by the members of our Company.

From the SGX-ST to the Stock Exchange

Following the Listing, if an investor whose Shares are traded on the SGX-ST wishes to trade his Shares on the Stock Exchange, he must effect a removal of Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register.

A removal of our Shares from the Bermuda Principal Share Register to the Hong Kong Branch Share Register involves the following procedures:

1. If the investor's Shares have been deposited with CDP, the investor must first withdraw his Shares from CDP by submitting to CDP (i) a Withdrawal of Securities Form (CDP Form 3) available from CDP; (ii) an instrument of transfer; and (iii) a bank draft for the amount as prescribed by CDP from time to time. All costs attributable to the withdrawal request shall be borne by such investor.

2. The investor must complete a removal request form (the "**Removal Request Form**") available from the Hong Kong Branch Registrar or the Singapore Transfer Agent and submit the Removal Request Form (in triplicate) to the Singapore Transfer Agent.

3. CDP will then send the duly completed instrument of transfer together with the relevant Share certificate(s) registered under the name of CDP to the Singapore Transfer Agent directly.

4. Upon receipt of the duly completed instrument of transfer, certificate of stamp duty and Share certificate(s) from CDP and the Removal Request Form (in triplicate) together with the bank draft for the amount as prescribed by CDP from time to time, the Singapore Transfer Agent will inform the Bermuda Principal Registrar to remove our Shares from the Bermuda Principal Share Register and inform the Hong Kong Branch Registrar to enter such Shares in the Hong Kong Branch Share Register.

5. Upon receipt of the notification and documents referred to in paragraph (4) above and the relevant payments, the Bermuda Principal Registrar shall effect the transfer and removal of Shares on the Bermuda Principal Share Register and the Hong Kong Branch Registrar will update the Hong Kong Branch Share Register and issue Share certificate(s) in the name of the investor and send such Share certificate(s) to the address specified by the investor. Dispatch of Share certificate(s) will be made at the risk and expense of the investor as specified in the Removal Request Form.

6. If the investor's Shares upon being registered in Hong Kong are to be deposited with CCASS, the investor must deposit his Shares into CCASS for crediting to his CCASS Investor Participant stock account or his designated CCASS Participant's stock account. In order to deposit his Shares into CCASS or to effect the sale of Shares in Hong Kong, the investor should execute an instrument of transfer that is in use in Hong Kong and can be obtained from the offices of the Hong Kong Branch Registrar and deliver it together with his Share certificate(s) issued by the Hong Kong Branch Registrar to HKSCC directly if he intends to deposit his Shares into CCASS for crediting to his CCASS Investor Participant stock account or via a CCASS Participant if he wants his Shares to be credited to his designated CCASS Participant's stock account.

   Note: Under normal circumstances, steps (1) to (5) generally require 15 Business Days to complete. Generally, expedited Share removal and transfer services at a turnaround time of approximately 10 Business Days are available at our Shareholders' request but are subject to the discretion of the Hong Kong Branch Registrar and CDP and are not available during peak operation seasons of the Hong Kong Branch Registrar and CDP.

From the Stock Exchange to the SGX-ST

If an investor whose Shares are traded on the Stock Exchange wishes to trade his Shares on the SGX-ST, he must effect a removal of his Shares from the Hong Kong Branch Share Register to the Bermuda Principal Share Register and deposit such shares into CDP. Such removal and deposit of his Shares would involve the following procedures:

1. If the investor's Shares have been deposited with CCASS, the investor must first withdraw such Shares from his CCASS Investor Participant stock account with CCASS or from the stock account of his designated CCASS participant and submit the relevant instrument of

transfer(s) executed by HKSCC Nominees, the relevant Share certificate(s) and a duly completed Removal Request Form (in triplicate) available from the Hong Kong Branch Registrar, together with a bank draft for the amount as prescribed from time to time to the Hong Kong Branch Registrar.

2. If the investor's Shares are registered in the investor's own name, the investor shall complete the Removal Request Form (in triplicate) and submit the same together with his Share certificate(s) in his name and a bank draft for the amount as prescribed from time to time to the Hong Kong Branch Registrar.

3. Upon receipt of the Removal Request Form (in triplicate), the relevant Share certificate(s) and where appropriate, the completed instrument of transfer(s) executed by HKSCC Nominees, the Hong Kong Branch Registrar will take all actions necessary to effect the transfer and the removal of the investor's Shares from the Hong Kong Branch Share Register to the Bermuda Principal Share Register.

4. The Hong Kong Branch Registrar will then notify the Singapore Transfer Agent of the removal whereupon the Singapore Transfer Agent will notify the Bermuda Principal Registrar to update the Bermuda Principal Share Register. Upon completion, the Singapore Transfer Agent will issue the relevant Share certificate(s) in the name of the investor and deliver the Share certificate(s) to the investor.

5. If the investor would like the Singapore Transfer Agent to assist in depositing the Share certificate(s) into CDP, he should submit a bank draft for the amount as prescribed by CDP from time to time to the Singapore Transfer Agent at the same time he submits the relevant documents to the Hong Kong Branch Registrar (as contemplated in paragraph (1) or (2) above). The Hong Kong Branch Registrar will then notify the Singapore Transfer Agent to issue the relevant Share certificate(s) in the name of CDP and arrange to deposit the same with CDP. The investor should ensure that he has a securities account in his own name with CDP or a sub-account in his own name with a Depository Agent so that the investor's Shares can be credited to his securities account or his sub-account with a Depository Agent before dealing in our Shares.

   Note: Under normal circumstances, steps (2) to (4) generally require 15 Business Days to complete. Generally, expedited removal services at a turnaround time of up to 10 Business Days are available at an investor's request but will be subject to the discretion of the Hong Kong Branch Registrar and will not be available during peak operation seasons of the Hong Kong Branch Registrar.

For those Shares that are registered on the Hong Kong Branch Share Register, any transfer thereof or dealings therein will be subject to Hong Kong stamp duty.

All costs attributable to the removal of Shares from the Hong Kong Branch Share Register to the Bermuda Principal Share Register or from the Bermuda Principal Share Register to the Hong Kong Branch Share Register will be borne by the investor requesting the removal.

In particular, our Shareholders should note that the Hong Kong Branch Registrar will charge HK$300 for each removal of Shares, HK$20.0 for postage (if required) and a fee of HK$2.5 (or such higher fee as may from time to time be permitted under the Hong Kong Listing Rules) for each Share certificate cancelled or issued by it, and any applicable fee as stated in the removal request form used in Hong Kong or Singapore. In addition, the Singapore Transfer Agent will charge S$30.00 for each removal of Shares. The fees charged by the Singapore Transfer Agent are subject to Singapore goods and services tax (currently at 7%). A fee of S$10.70 (including tax) is payable to CDP for deposition. A fee of S$26.75 (inclusive of goods and service tax) is payable to CDP for withdrawal of more than 1,000 Shares, and a fee of S$10.70 (inclusive of goods and service tax) is payable to CDP for withdrawal of 1,000 Shares or less. In addition, a scrip fee of S$2.14 (inclusive of goods and service tax) is payable to CDP for each Share certificate issued.

SPECIAL ARRANGEMENTS TO FACILITATE TRANSFERS PRIOR TO THE LISTING

Special arrangements have been made to facilitate transfers of Shares prior to the Listing. In connection with the Listing, the Singapore Transfer Agent and the Hong Kong Branch Registrar will provide three Batch-Transfers of Singapore-listed Shares for Shareholders seeking to transfer their Shares to the Hong Kong Branch Share Register prior to the Listing.

The key dates in relation to the Batch-Transfers are set out below:

Events	First Batch-Transfer	Second Batch-Transfer	Third Batch-Transfer
Final date to submit a request for withdrawal of securities form to CDP and a Removal Request Form to the Singapore Transfer Agent.....	November 20, 2013	November 27, 2013	December 4, 2013
Share certificates available for collection from the Hong Kong Branch Registrar's office.....	December 4, 2013	December 11, 2013	December 18, 2013

Shareholders who hold their Shares directly in CDP can complete and submit the request for withdrawal of securities form to CDP and the Removal Request Form to the Singapore Transfer Agent before the relevant dates stipulated above in order to participate in the Batch-Transfers.

Our Company will bear the costs, fees and duties payable for the Batch-Transfers. Withdrawal fees payable to CDP will be borne by the relevant Shareholders and CDP's existing charges will still apply, together with any other costs to be levied by such Shareholders' own brokers, nominees or custodians (where relevant).

Our Company has made arrangements to inform our Shareholders and the Singapore investing public of details of the Listing and the Batch-Transfers procedures by way of announcements on the respective websites of our Company at www.willas-array.com and the SGX-ST at www.sgx.com.

BRIDGING ARRANGEMENTS

Intended Arbitrage Activities during the Bridging Period

It is expected that, upon the Listing and during the Bridging Period, the Bridging Dealer, on its own account, will seek to undertake arbitrage activities in the circumstances described below. Certain trades envisaged to be carried out by the Bridging Dealer during the Bridging Period may constitute covered short selling (or be deemed to constitute short selling) under applicable Hong Kong laws and regulations. The Rules of the Exchange prohibit short selling save for short selling of Designated Securities (as defined in the Rules of the Exchange) during the Continuous Trading Period (as defined in the Rules of the Exchange). In this regard, our Sponsor, on behalf of the Bridging Dealer, has applied to the Stock Exchange for, and the Stock Exchange has granted an exemption, to permit the Bridging Dealer to conduct the proposed trading activities described below which may constitute (or may be deemed to constitute) short selling of securities during the Continuous Trading Session (as defined in the Rules of the Exchange) in circumstances where our Shares are not Designated Securities (as defined in the Rules of the Exchange).

In addition, the Stock Exchange has granted an exemption to permit short selling during the Pre-opening Session (defined in the Rules of the Exchange as being from 9:00 a.m. Hong Kong time to the commencement of the morning trading session at 9:30 a.m. Hong Kong time) to allow the Bridging Dealer to conduct such short selling transactions of the Shares during the Pre-opening Session within the Bridging Period despite the Shares are not being designated as a Designated Security. Our Sponsor, on behalf of the Bridging Dealer, has also applied for, and the Stock Exchange has granted, an exemption from the provision of the Rules of the Exchange that a short sale shall not be made on the Stock Exchange below the best current ask price except where the Designated Security is a Market Making Security (as defined in the Rules of the Exchange) approved by the SFC to be excluded from the application of this provision.

No person other than the Bridging Dealer is permitted to enter into a short sale of the Shares on the Stock Exchange during the Bridging Period or thereafter unless the Shares are designated for short selling by the Stock Exchange. Upon the expiry of the Bridging Period, the Bridging Dealer will not be able to engage in further arbitrage activities described below in respect of the Shares on the Stock Exchange unless the Shares are designated by the Stock Exchange for short selling.

Such arbitrage activities are expected to contribute to the liquidity of trading in the Shares in the Hong Kong market upon the Listing as well as to reduce potential material divergence between Share prices in the Hong Kong and Singapore markets:

1. The Bridging Dealer will seek to carry out arbitrage trades in line with market practice in the context of dual listed stocks. The arbitrage trades are envisaged to be carried out where there exists a meaningful price differential between prices of Shares quoted on the Stock Exchange and those quoted on the SGX-ST. In relation to the Listing, it is envisaged that a typical arbitrage trade would be executed if and when prices of Shares quoted on the Stock Exchange are meaningfully higher than those on the SGX-ST, in which case the Bridging Dealer will seek to purchase Shares at the lower price in Singapore and sell Shares at the higher price in Hong Kong.

The typical cost of executing an arbitrage trade is minimal and should constitute a small percentage of our Share price. In the Hong Kong context, the typical cost comprises stamp duty (0.1%), trading fee (0.005%) and transaction levy (0.003%) while in the Singapore context, there is a clearing fee (0.04% up to a maximum of S$600) and trading fee (0.0075%). Nonetheless, as the Bridging Dealer envisages, for arbitrage trades to occur, our Share price differential would need to exceed such transaction costs and the risk premium as perceived by the Bridging Dealer (including but not limited to factors such as price volatility and market liquidity on both markets).

The Bridging Dealer intends to carry out arbitrage trades where (a) there exists a meaningful Share price differential between the Hong Kong and Singapore markets (as determined by the Bridging Dealer), and (b) the Bridging Dealer is able to purchase sufficient quantities of Shares to address such price differentials when they arise and to contribute towards trading liquidity to a meaningful extent. The bridging arrangements and the role of the Bridging Dealer will terminate and cease at the expiry of the Bridging Period.

2. For the Bridging Dealer to contribute meaningfully towards the liquidity of trading in our Shares on the Hong Kong market, there should be no trading or exchange disruption in, or early closure (other than due to different trading hours) of, one or both stock exchanges. There should be concurrent availability of Shares on both stock exchanges. The Bridging Dealer has also entered into the Stock Borrowing and Lending Agreement to ensure that it will have ready access to appropriate quantities of Shares for settlement purposes upon the Listing and during the Bridging Period.

3. There is a Stock Borrowing and Lending Agreement between Global Success (the "**Lender**") and the Bridging Dealer. Pursuant to the stock borrowing arrangements under such agreement, the Lender will, at the request of the Bridging Dealer, make available to the Bridging Dealer stock lending facilities up to 39,477,771 Shares or up to approximately 10.59% of our Shares in issue, on one or more occasions, subject to applicable laws, rules and regulations in Singapore and Hong Kong, including without limitation that the lending and the subsequent acceptance of redelivery of any Shares by the Lender, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the Takeovers Code and/or the Singapore Code. Such Shares will be used for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong. These Shares will have been registered on the Hong Kong Branch Share Register prior to the Listing. The total number of Shares subject to such stock borrowing arrangement is significantly in excess of the aggregate of the daily trading volumes of our Shares on the SGX-ST for the 15 trading days immediately before and up to the Latest Practicable Date.

   The Stock Borrowing and Lending Agreement provides, inter alia, that all of our Shares borrowed shall be returned to the Lender not later than 15 Business Days after the expiry of the Bridging Period. To close out the borrowed positions, the Bridging Dealer may purchase Shares on the SGX-ST or use any unutilized Shares registered on the Hong Kong Branch Share Register and transfer such Shares to the Lender. If necessary, the Bridging

Dealer may repeat the process or alternatively may purchase Shares from the SGX-ST or the Stock Exchange, in order to provide additional liquidity to meet demand for the Shares in the Hong Kong market during the Bridging Period.

4. The Bridging Dealer will continue to replenish its Share inventory while carrying out the arbitrage trades. When a buy order has been executed on the Singapore market and a sale order has been executed on the Hong Kong market, the Bridging Dealer will instruct the Singapore Transfer Agent to transfer Shares purchased on the Singapore market to Hong Kong to replenish its Share inventory for further trading. While such transfer of Shares takes place, the Bridging Dealer will utilize Shares borrowed under the Stock Borrowing and Lending Agreement for settlement of the sale made in Hong Kong.

5. The Bridging Dealer has set up a designated dealer identity number, 7681, solely for the purposes of carrying out arbitrage trades under this exercise in Hong Kong, in order to ensure identification and thereby enhance transparency of such trades on the Hong Kong market. Any change in such designated dealer identity number will be disclosed as soon as practicable by way of an announcement on both the Stock Exchange and the SGX-ST, and on the website of our Company. The Bridging Dealer has also set up another designated dealer identity number, 7682, which will only be used in emergencies and unforeseen situations if the aforesaid identity number for arbitrage trades cannot be used.

6. The Bridging Dealer will enter into such bridging arrangements (including the arbitrage activities) on a voluntary basis with a view to contributing towards the liquidity of our Shares on the Hong Kong market, and intends for such bridging arrangements to constitute proprietary transactions.

It is emphasized that other than the Bridging Dealer, arbitrage activities and bridging arrangements may be carried out by market participants who have access to our Shares. Also, other existing Shareholders who might have transferred part or all of their shareholdings from Singapore to Hong Kong upon the commencement of trading (or thereafter) can also carry out arbitrage trades in our Shares. Such activities will depend on the extent of price differentials between the two stock exchanges, and the number of market participants (other than the Bridging Dealer) who elect to enter into such arbitrage activities and bridging arrangements.

The arbitrage activities of the Bridging Dealer and any persons acting for it will be entered into in accordance with all applicable laws, rules and regulations. The bridging arrangements being implemented in connection with the Listing are not equivalent to the price stabilization activities that may be undertaken in connection with an initial public offering. In addition, the Bridging Dealer is not acting as a market maker and does not undertake to create or make a market in Shares on the Hong Kong market.

It should be noted that the Bridging Dealer and any persons acting for it may, in connection with the proposed liquidity activities, maintain a long position in the Shares. There is no certainty regarding the extent, time or the period for which the Bridging Dealer and any persons acting for it may maintain such a long position in the Shares. The liquidation of any such long position by the Bridging Dealer or any persons acting for it may have an adverse impact on the market price of the Shares.

Spread of Shareholdings

It is expected that the following measures and factors will assist in creating and/or improving the spread of holdings of our Shares available for trading on the Stock Exchange following the Listing:

- As our Shares are of one and the same class, Shareholders may at their discretion transfer Shares from Singapore to Hong Kong upon or after the Listing, as described in the sub-section headed "— Removal of Shares" above. Special arrangements have been made to facilitate transfers of Shares, and to incentivize existing Shareholders to transfer their Shares to Hong Kong prior to the Listing by enabling them to do so at a reduced cost. Details of such arrangements are set out in the sub-section headed "— Special Arrangements to Facilitate Transfers Prior to the Listing" in this section. To the extent that existing Shareholders elect to transfer Shares to Hong Kong before or shortly after the Listing, such Shares may help contribute to the general liquidity of our Shares on the Hong Kong market.

- Global Success has confirmed to our Company that it intends to transfer, and/or procure the transfer of, up to 39,477,771 Shares, which it directly or indirectly holds, representing up to approximately 10.59% of our Shares in issue to the Hong Kong Branch Share Register prior to the Listing. As indicated in the sub-section headed "— Intended arbitrage activities during the Bridging Period" in this section, Global Success had made available to the Bridging Dealer Shares that will be used solely for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong.

- In conducting arbitrage activities in circumstances as described in the sub-section headed "— Intended arbitrage activities during the Bridging Period" in this section, the Bridging Dealer is effectively acting as a conduit to transfer some of the trading liquidity of our Shares in the Singapore market to the Hong Kong market.

Our Directors and our Company consider that having regard to the special arrangements described in the sub-sections headed "— Special Arrangements to Facilitate Transfers Prior to the Listing", "— Bridging Arrangements" and "— Investor Education" in this section, all reasonable efforts have been made to facilitate the migration of Shares to the Hong Kong Branch Share Register to provide the basis for an open market at the time of the Listing.

Benefits of the Bridging Arrangements

It is believed that the bridging arrangements will benefit the Listing in the following ways:

- as arbitrage trades are intended to be carried out by the Bridging Dealer during the Bridging Period where there exists a meaningful price differential in our Share prices, the bridging arrangements are expected to contribute to the liquidity of our Shares on the Hong Kong market upon the Listing;

- arbitrage trades, by their nature, would typically contribute to reducing potential material divergence between Share prices on the Hong Kong and Singapore markets; and

- the bridging arrangements are perceived to be a mechanism that is fair to all market participants who have access to our Shares, as it is open to all of our Shareholders and other market participants who have such access to carry out arbitrage trades similar to those to be carried out by the Bridging Dealer.

Disclosure of the Bridging Arrangements

In order to enhance transparency of the arbitrage activities carried out under the bridging arrangements, various measures to provide information to the market and potential investors will be undertaken as described in the sub-section headed "— Investor Education" in this section.

Further, our Company will, as soon as practicable and in any event before the opening of trading hours on the Business Day immediately before the first day of the Listing, release an announcement on the Stock Exchange and the SGX-ST to inform the investing public of the following information as of the latest practicable date prior to such announcement:

- the number of Shares in respect of which the Singapore Transfer Agent has received instructions from Shareholders for the transfer of such Shares to the Hong Kong Branch Share Register (whether under the Batch-Transfers or otherwise); and

- the total number of Shares that have been registered on the Hong Kong Branch Share Register.

In respect of the arbitrage trades to be carried out by the Bridging Dealer, the Bridging Dealer has set up a designated dealer identity number, 7681, solely for the purposes of carrying out such trades in Hong Kong, in order to ensure identification and thereby enhance transparency of the trades on the Hong Kong market. The Bridging Dealer has also set up another designated dealer identity number, 7682, which will only be used in emergencies and unforeseen situations if the aforesaid identity number for arbitrage trades cannot be used.

In addition, where applicable, the arbitrage trades carried out by the Bridging Dealer, and the transactions under the Stock Borrowing and Lending Agreement will also be disclosed in accordance with the disclosure of interests regime under the relevant provisions of Part XV of the SFO and any applicable laws and regulations in Singapore.

INVESTOR EDUCATION

Arrangements involving our Company and our Sole Sponsor

Prior to the Listing, our Company and our Sole Sponsor will cooperate to inform the investor community in Hong Kong of general information about our Company, as well as the developments and/or changes to the bridging arrangements as disclosed in this Listing Document. After the Listing

has taken place, our Company and our Sole Sponsor may continue to take measures to educate the public. The following measures will be taken to enhance transparency of our Company and the bridging arrangements:

- there will be media briefings and press interviews to inform investors of the arrangements;
- analyst briefings will be conducted to research houses that cover listed companies in industries similar to the industry of our Company;
- briefings in relation to the bridging arrangements will be conducted for, amongst others, private bank divisions, a syndicate of brokerage houses and other institutional investors;
- information fact sheets on our Company generally, and on the Share transfer procedures as summarized in the sub-section headed "— Removal of Shares" in this section will be posted on the website of our Company;
- information, including our Company's previous day closing price (in both Singapore dollars and Hong Kong dollars for reference), trading volume and other relevant historical data, will be posted on the website of our Company. Furthermore, during a period of three Business Days prior to the Listing Date and no later than 8:30 a.m. on the Listing Date before the commencement of dealings in our Shares on the Stock Exchange, a daily announcement will be released by our Company on the Stock Exchange and the SGX-ST, disclosing our Company's previous day closing price (in both Singapore dollars and Hong Kong dollars for reference) on the SGX-ST, as well as any relevant developments and updates with regard to the bridging arrangements if applicable; and
- electronic copies of this Listing Document will be disseminated through the respective websites of our Company at www.willas-array.com, the Stock Exchange at www.hkexnews.hk and the SGX-ST at www.sgx.com. In addition, physical copies of this Listing Document will be made available for collection at the following locations:

Office of our Company:	24/F Wyler Centre Phase 2 200 Tai Lin Pai Road Kwai Chung, New Territories Hong Kong
Office of our Sole Sponsor:	801-805, 8/F, Nan Fung Tower 173 Des Voeux Road Central Hong Kong

Other Sources of Information

Real-time trading information in respect of our Shares can be obtained from the following sources:

- the website of the SGX-ST at www.sgx.com at no cost; or

- through service providers that provide such facilities at the investors' own expense. Such service will be provided on and subject to the terms and conditions of the relevant service provider.

Historical Trading Information in respect of Our Shares on the SGX-ST

Please refer to the section headed "Share Capital" in this Listing Document for the historical trading information of our Shares on the SGX-ST.

FUTURE PLANS AND PROSPECTS

Please refer to the sub-section headed "Business — Our Business Strategies" in this Listing Document for further details.

REASONS FOR THE LISTING

Our Directors consider that it is desirable and beneficial for our Company to have dual primary listing status in both Singapore and Hong Kong as our Directors believe that the stock markets in Hong Kong and Singapore attract different investors. Please refer to the sub-section headed "Information about this Listing Document and the Introduction — Reasons for the Dual Listing and the Introduction" in this Listing Document for further details.

The Listing does not involve any offering of new Shares or a public offering of any other securities and no new proceeds will be raised pursuant to the Listing. The key purpose of the Listing is to add liquidity to our Shares and provide our Company with greater access to international capital through its listing platform in Hong Kong, thereby increasing the financing capacity of our Company.

The following is the text of a report, prepared for the purpose of incorporation in this Listing Document, received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

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

November 29, 2013

The Directors
Willas-Array Electronics (Holdings) Limited

Octal Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Willas-Array Electronics (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended March 31, 2013 and for the four months ended July 31, 2013 (the "Track Record Period") for inclusion in the listing document of the Company dated November 29, 2013 (the "Listing Document") in connection with the proposed listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of introduction.

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda on August 3, 2000 and listed on the Singapore Exchange Securities Trading Limited ("SGX") on July 2, 2001.

At the end of each reporting period and as of the date of this report, the Company had the following subsidiaries:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group					Principal activities
				At March 31,			At July 31,	At the date of this report	
				2011	2012	2013	2013		
				%	%	%	%	%	
Directly held									
Cleverway Profits Limited	British Virgin Islands ("BVI")	March 31, 2000	US$7	100	100	100	100	100	Investment holding

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group					Principal activities
				At March 31,			At July 31,	At the date of this report	
				2011	2012	2013	2013	report	
				%	%	%	%	%	
Indirectly held									
Aries Tech Hong Kong Limited	Hong Kong	January 3, 2003	HK$7,800,000	90	90	90	90	90	Investment holding
Array Electronics (China) Limited	Hong Kong	July 8, 1988	HK$2	100	100	100	100	100	Trading of electronic components
Array Electronics Limited	Hong Kong	June 3, 2002	HK$2	100	100	100	100	100	Inactive
ASP Microelectronics Limited	Hong Kong	July 5, 1994	HK$3,000,000	60	60	60	60	60	Inactive
Bestime Corporation Limited	Hong Kong	November 2, 2001	HK$2	100	100	100	100	100	Investment holding
Brightway Transportation Limited	Hong Kong	June 20, 2001	HK$2	100	100	100	100	100	Provision of transportation services
Elite Vantage Limited	Hong Kong	October 17, 2003	HK$2	100	100	100	100	100	Trading of electronic components
Full Link Investment Limited	Hong Kong	March 17, 2003	HK$2	100	100	100	100	100	Investment holding
Joy Port Limited	Hong Kong	May 24, 2002	HK$2	100	100	100	100	100	Property holding
Kind Faith Limited	Hong Kong	November 9, 2001	HK$2	100	100	100	100	100	Investment holding
Kinghill (Hong Kong) Limited	Hong Kong	April 4, 2002	HK$2	100	—	—	—	—	Inactive and dissolved during the year ended March 31, 2012
Leader First Limited	BVI	July 23, 2012	US$1	—	—	100	100	100	Investment holding

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group					Principal activities
				At March 31,			At July 31,	At the date of this report	
				2011	2012	2013	2013		
				%	%	%	%	%	
LEC Electronic Components Limited	Hong Kong	April 20, 1995	HK$1,500,000	60	60	60	60	60	Inactive
Noblehigh Enterprises Inc.	BVI	May 18, 2006	US$60,000	60	60	60	60	60	Investment holding
Pinerise Limited	BVI	April 18, 2008	US$1	100	100	100	100	100	Investment holding
Starling Pacific Limited	BVI	October 16, 1996	US$1	100	100	100	100	100	Investment holding
Valence Semiconductor Design Limited	Hong Kong	May 3, 1994	HK$3,000,000	60	60	60	60	60	Design and trading of electronic components
Valence Technology Limited	Hong Kong	December 17, 1997	HK$100,000	60	60	60	60	60	Provision of corporate management services
ValenceTech Limited	Bermuda	January 27, 2000	HK$879,991	60	60	60	60	60	Investment holding
Willas Company Limited	Hong Kong	January 20, 1981	HK$35,001,002	100	100	100	100	100	Inactive
Willas-Array (Korea) Hong Kong Limited	Hong Kong	April 4, 2002	HK$7,800,000	100	100	100	100	100	Investment holding
Willas-Array (Korea) Singapore Private Limited	Republic of Singapore	April 24, 2002	S$2	100	—	—	—	—	Inactive and dissolved during the year ended March 31, 2012
Willas-Array E-Business Limited	Hong Kong	July 8, 1988	HK$2	100	—	—	—	—	Inactive and dissolved during the year ended March 31, 2012

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Equity interest attributable to the Group					Principal activities
				At March 31,			At July 31,	At the date of this report	
				2011	2012	2013	2013		
				%	%	%	%	%	
Willas-Array Electronics (Hong Kong) Limited	Hong Kong	October 15, 1982	HK$1,001,002	100	100	100	100	100	Trading of electronic components
Willas-Array Electronics (Shanghai) Limited (note)	The People's Republic of China ("PRC")	March 19, 2002	US$7,000,000	100	100	100	100	100	Trading of electronic components
Willas-Array Electronics (Shenzhen) Limited (note)	PRC	July 25, 2003	US$5,500,000	100	100	100	100	100	Trading of electronic components
Willas-Array Electronics (Taiwan) Inc.	Taiwan	February 21, 2005	NT$1,000,000	100	100	100	100	100	Trading of electronic components
Willas-Array Electronics Management Limited	Hong Kong	August 21, 2000	HK$2	100	100	100	100	100	Provision of management and consultancy services
Willas-Array Investments Limited	Hong Kong	June 5, 2002	HK$2	100	100	100	100	100	Investment holding
Willas-Array Singapore (Private) Limited	Republic of Singapore	May 5, 1993	S$3,000,000	100	100	100	100	100	Trading of electronic components
慧能思達科技(成都)有限公司 (note)	PRC	December 11, 2009	HK$2,000,000	60	60	60	60	60	Provision of technical development services for electronics products

Note: Established in the PRC in the form of wholly foreign-owned enterprise.

Except for Willas-Array Electronic (Shanghai) Limited, Willas-Array Electronic (Shenzhen) Limited and 慧能思達科技(成都)有限公司 which are having a financial year end date of December 31, the financial year end date of all remaining companies now comprising the Group is March 31.

No audited financial statements have been prepared for Cleverway Profits Limited, Leader First Limited, Noblehigh Enterprises Inc., Pinerise Limited, Starling Pacific Limited and ValenceTech Limited since their incorporation as there is no statutory audit requirement in their respective places of incorporation.

Kinghill (Hong Kong) Limited, Willas-Array (Korea) Singapore Private Limited and Willas-Array E-Business Limited were under deregistration process for the year ended March 31, 2011 and deregistered during the year ended March 31, 2012. Hence, no audit was performed for the years ended March 31, 2011 and 2012.

The statutory financial statements of the following entities were prepared in accordance with the relevant accounting principles and financial regulations and audited by the following certified public accountants:

Name of entity	Periods covered	Certified Public Accountants
Aries Tech Hong Kong Limited	For the years ended March 31, 2011, 2012	Deloitte Touche Tohmatsu, Hong Kong
Array Electronics (China) Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Array Electronics Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
ASP Microelectronics Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Bestime Corporation Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Brightway Transportation Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Elite Vantage Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Full Link Investment Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Joy Port Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Kind Faith Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
LEC Electronic Components Limited	For the years ended March 31, 2011, 2012 and 2013	Y.K. Tsang & Co. Certified Public Accountants
Valence Semiconductor Design Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong

Name of entity	Periods covered	Certified Public Accountants
Valence Technology Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Willas Company Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Willas-Array (Korea) Hong Kong Limited	For the years ended March 31, 2011 and 2012	Deloitte Touche Tohmatsu, Hong Kong
Willas-Array Electronics (Hong Kong) Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Willas-Array Electronics (Shanghai) Limited	For the years ended December 31, 2010, 2011 and 2012	Shanghai HDDY Certified Public Accountants Co., Ltd.
Willas-Array Electronics (Shenzhen) Limited	For the year ended December 31, 2010	Zhong Huan Certified Public Accountants
Willas-Array Electronics (Shenzhen) Limited	For the years ended December 31, 2011 and 2012	Da Hua Certified Public Accountants
Willas-Array Electronics (Taiwan) Inc.	For the years ended March 31, 2011, 2012 and 2013	Whole Time & Co., CPAs
Willas-Array Electronics Management Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Willas-Array Investments Limited	For the years ended March 31, 2011, 2012 and 2013	Deloitte Touche Tohmatsu, Hong Kong
Willas-Array Singapore (Private) Limited	For the years ended March 31, 2011, 2012 and 2013	B L Lee & Co Certified Public Accountants
慧能思達科技(成都)有限公司	For the years ended December 31, 2010, 2011 and 2012	Sichuan Wan You Certified Public Accountants Co., Ltd.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group, for the Track Record Period in accordance with the International Financial Reporting Standards, including Amendments and Interpretations ("IFRS") issued by International Accounting Standards Board ("IASB") (the "Underlying Financial Statements").

The Underlying Financial Statements for each of the three years ended March 31, 2013 were audited by Deloitte & Touche LLP, Singapore, in accordance with Singapore Standards on Auditing and the Underlying Financial Statements for the four months ended July 31, 2013 were audited by Deloitte Touche Tohmatsu, Hong Kong, in accordance with Hong Kong Standards on Auditing. We have examined the Underlying Financial Statements for the Track Record Period in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Listing Document.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issuance. The directors of the Company are also responsible for the contents of the Listing Document in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and of the Company as at March 31, 2011, 2012 and 2013 and July 31, 2013, and of the consolidated results and consolidated cash flows of the Group for the Track Record Period.

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the four months ended July 31, 2012 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "July 2012 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review in accordance with the Hong Kong Standard on Review Engagement 2400 "Engagements to Review Financial Statements" issued by the HKICPA. Our review of the July 2012 Financial Information consists of making enquiries, 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 Hong Kong 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 on the July 2012 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the July 2012 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

STATEMENTS OF FINANCIAL POSITION

		THE GROUP				THE COMPANY			
		At March 31,			At July 31,	At March 31,			At July 31,
	NOTES	2011	2012	2013	2013	2011	2012	2013	2013
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets									
Current assets									
Cash and cash equivalents	8	417,068	333,258	390,395	340,640	965	2,422	1,816	2,409
Restricted bank deposits	8	—	27,256	7,161	7,296	—	—	—	—
Short-term bank deposit	8	2,905	—	—	—	—	—	—	—
Trade and bills receivables	9	611,563	509,047	503,125	563,692	—	—	—	—
Other receivables and prepayments	10	13,997	6,861	11,318	8,395	182,226	225,646	215,627	208,311
Prepaid lease payments - current	11	12	12	12	12	—	—	—	—
Income tax recoverable		88	800	62	—	—	392	—	—
Derivative financial instruments	12	28	237	136	331	—	—	—	—
Inventories	13	476,448	346,661	353,561	431,822	—	—	—	—
Total current assets		1,522,109	1,224,132	1,265,770	1,352,188	183,191	228,460	217,443	210,720
Non-current assets									
Prepaid lease payments - non-current	11	644	631	619	614	—	—	—	—
Property, plant and equipment	14	166,380	172,288	162,278	162,025	—	—	—	—
Long-term deposits	15	329	1,762	1,683	1,351	—	—	—	—
Goodwill	16	—	—	—	—	—	—	—	—
Available-for-sale investments	17	2,001	2,001	2,001	2,001	—	—	—	—
Other intangible assets	18	—	—	—	—	—	—	—	—
Derivative financial instruments	12	3	—	—	—	—	—	—	—
Interests in jointly controlled entities	20	8,773	8,752	—	—	—	—	—	—
Interests in associates	21	—	—	49,809	53,141	—	—	—	528
Deferred tax assets	26	3,512	1,416	259	1,763	—	—	—	—
Investments in subsidiaries	19	—	—	—	—	117,470	117,470	117,470	117,470
Total non-current assets		181,642	186,850	216,649	220,895	117,470	117,470	117,470	117,998
Total assets		1,703,751	1,410,982	1,482,419	1,573,083	300,661	345,930	334,913	328,718

		THE GROUP				THE COMPANY			
		At March 31,			At July 31,	At March 31,			At July 31,
	NOTES	2011	2012	2013	2013	2011	2012	2013	2013
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
LIABILITIES AND EQUITY									
Current liabilities									
Trust receipt loans	22	639,628	306,001	421,473	480,242	—	—	—	—
Trade and bills payables	23	373,918	307,093	295,400	316,008	—	—	—	—
Dividend payable	39	—	—	—	22,855	—	—	—	22,855
Other payables	24	52,220	48,398	38,226	42,902	8,349	8,690	9,944	11,005
Income tax payable		6,031	1,794	4,548	10,548	350	—	189	345
Derivative financial instruments	12	146	292	—	1,687	—	—	—	—
Amounts due to jointly controlled entities	6	8,670	8,752	—	—	—	—	—	—
Financial guarantee liabilities	41	—	—	—	428	—	—	—	428
Bank borrowings	25	81,449	128,870	168,300	151,600	—	—	—	—
Total current liabilities		1,162,062	801,200	927,947	1,026,270	8,699	8,690	10,133	34,633
Non-current liabilities									
Bank borrowings	25	55,000	65,500	—	—	—	—	—	—
Derivative financial instruments	12	3,009	3,805	2,389	—	—	—	—	—
Deferred tax liabilities	26	2,133	2,428	2,611	2,879	—	—	—	—
Total non-current liabilities		60,142	71,733	5,000	2,879	—	—	—	—
Capital, reserves and non-controlling interests									
Issued capital	27	62,000	74,544	74,544	74,544	62,000	74,544	74,544	74,544
Capital reserves	28	162,373	196,722	196,500	195,777	162,373	196,722	196,500	195,777
Other reserves		248,673	260,996	277,177	273,369	67,589	65,974	53,736	23,764
Equity attributable to owners of the Company		473,046	532,262	548,221	543,690	291,962	337,240	324,780	294,085
Non-controlling interests		8,501	5,787	1,251	244	—	—	—	—
Total equity		481,547	538,049	549,472	543,934	291,962	337,240	324,780	294,085
Total liabilities and equity		1,703,751	1,410,982	1,482,419	1,573,083	300,661	345,930	334,913	328,718
Net current assets		360,047	422,932	337,823	325,918	174,492	219,770	207,310	176,087
Total assets less current liabilities		541,689	609,782	554,472	546,813	291,962	337,240	324,780	294,085

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended March 31,			Four months ended July 31,	
		2011	2012	2013	2012	2013
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
					(unaudited)	
Revenue	30	3,797,120	3,262,086	3,157,597	1,105,763	1,076,566
Cost of sales		(3,411,444)	(2,959,401)	(2,851,940)	(997,287)	(958,298)
Gross profit		385,676	302,685	305,657	108,476	118,268
Other operating income	31	3,768	4,246	4,635	701	1,135
Distribution costs		(50,862)	(39,021)	(30,112)	(6,822)	(13,415)
Administrative expenses		(206,932)	(216,028)	(217,936)	(72,720)	(71,244)
Listing expenses		—	—	—	—	(10,253)
Share of loss of jointly controlled entities	20	(22)	(21)	—	—	—
Share of profit of associates	21	—	—	808	—	2,742
Other gains and losses	32	(8,053)	19,538	7,623	(5,333)	(1,942)
Amortisation of financial guarantee liabilities	41	—	—	—	—	100
Finance costs	33	(13,531)	(15,514)	(16,232)	(4,685)	(5,048)
Profit before tax		110,044	55,885	54,443	19,617	20,343
Income tax expense	34	(22,209)	(13,132)	(13,144)	(4,468)	(6,362)
Profit for the year/period	35	87,835	42,753	41,299	15,149	13,981
Other comprehensive income (expense):	36					
Items that maybe reclassified subsequently to profit/loss:						
- Exchange differences on translation of overseas operations		6,787	6,463	(377)	(2,586)	3,336
- Release of exchange difference upon dissolution of overseas operations		7	(209)	—	—	—
Other comprehensive income (expense) for the year/period, net of tax		6,794	6,254	(377)	(2,586)	3,336
Total comprehensive income for the year/period		94,629	49,007	40,922	12,563	17,317
Profit (loss) attributable to:						
Owners of the Company		86,010	44,518	45,838	15,123	14,994
Non-controlling interests		1,825	(1,765)	(4,539)	26	(1,013)
		87,835	42,753	41,299	15,149	13,981
Total comprehensive income (expense) attributable to:						
Owners of the Company		92,804	50,761	45,458	12,534	18,324
Non-controlling interests		1,825	(1,754)	(4,536)	29	(1,007)
		94,629	49,007	40,922	12,563	17,317
Earnings per share	38					
- Basic (HK cents)		26.82	11.99	12.30	4.06	4.02
- Diluted (HK cents)		26.37	11.77	12.11	4.00	3.95

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued capital	Capital reserves	Statutory reserve	Currency translation reserve	Accumulated profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	HK$'000 (Note 28)	HK$'000 (note)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP								
Balance at April 1, 2010	62,000	161,569	9,605	4,853	172,851	410,878	6,676	417,554
Profit for the year	—	—	—	—	86,010	86,010	1,825	87,835
Other comprehensive income for the year, net of income tax	—	—	—	6,794	—	6,794	—	6,794
Total comprehensive income for the year	—	—	—	6,794	86,010	92,804	1,825	94,629
Recognition of share-based payments	—	835	—	—	—	835	—	835
Share options cancelled	—	(31)	—	—	31	—	—	—
Dividend paid (Note 39)	—	—	—	—	(31,471)	(31,471)	—	(31,471)
Transfer to statutory reserve	—	—	2,428	—	(2,428)	—	—	—
Balance at March 31, 2011	62,000	162,373	12,033	11,647	224,993	473,046	8,501	481,547
Profit for the year	—	—	—	—	44,518	44,518	(1,765)	42,753
Other comprehensive income for the year, net of income tax	—	—	—	6,243	—	6,243	11	6,254
Total comprehensive income for the year	—	—	—	6,243	44,518	50,761	(1,754)	49,007
Proceeds from rights issue	12,400	33,728	—	—	—	46,128	—	46,128
Shares issued from exercise of share options	144	276	—	—	—	420	—	420
Recognition of share-based payments	—	423	—	—	—	423	—	423
Share options cancelled	—	(78)	—	—	78	—	—	—
Dividend paid to non-controlling interests	—	—	—	—	—	—	(960)	(960)

	Issued capital	Capital reserves	Statutory reserve	Currency translation reserve	Accumulated profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	HK$'000 (Note 28)	HK$'000 (note)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Dividend paid (Note 39)	—	—	—	—	(38,516)	(38,516)	—	(38,516)
Transfer to statutory reserve	—	—	1,347	—	(1,347)	—	—	—
Balance at March 31, 2012	74,544	196,722	13,380	17,890	229,726	532,262	5,787	538,049
Profit for the year	—	—	—	—	45,838	45,838	(4,539)	41,299
Other comprehensive income for the year, net of income tax	—	—	—	(380)	—	(380)	3	(377)
Total comprehensive income for the year	—	—	—	(380)	45,838	45,458	(4,536)	40,922
Share options cancelled	—	(222)	—	—	222	—	—	—
Dividend paid (Note 39)	—	—	—	—	(29,499)	(29,499)	—	(29,499)
Transfer to statutory reserve	—	—	755	—	(755)	—	—	—
Balance at March 31, 2013	74,544	196,500	14,135	17,510	245,532	548,221	1,251	549,472
Profit for the period	—	—	—	—	14,994	14,994	(1,013)	13,981
Other comprehensive income for the period, net of income tax	—	—	—	3,330	—	3,330	6	3,336
Total comprehensive income for the period	—	—	—	3,330	14,994	18,324	(1,007)	17,317
Share options cancelled	—	(723)	—	—	723	—	—	—
Dividend paid (Note 39)	—	—	—	—	(22,855)	(22,855)	—	(22,855)
Transfer to statutory reserve	—	—	766	—	(766)	—	—	—
Balance at July 31, 2013	74,544	195,777	14,901	20,840	237,628	543,690	244	543,934

	Issued capital	Capital reserves	Statutory reserve	Currency translation reserve	Accumulated profits	Attributable to owners of the Company	Non-controlling interests	Total
	HK$'000	HK$'000 (Note 28)	HK$'000 (note)	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Unaudited								
Balance at April 1, 2012	74,544	196,722	13,380	17,890	229,726	532,262	5,787	538,049
Profit for the period	—	—	—	—	15,123	15,123	26	15,149
Other comprehensive income (expense) for the period, net of income tax	—	—	—	(2,589)	—	(2,589)	3	(2,586)
Total comprehensive income (expense) for the period	—	—	—	(2,589)	15,123	12,534	29	12,563
Balance at July 31, 2012	74,544	196,722	13,380	15,301	244,849	544,796	5,816	550,612

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

STATEMENTS OF CHANGES IN EQUITY

	Issued capital	Capital reserves	Accumulated profits	Total
	HK$'000	HK$'000 (Note 28)	HK$'000	HK$'000
THE COMPANY				
Balance at April 1, 2010	62,000	161,569	51,309	274,878
Profit and total comprehensive income for the year	—	—	47,720	47,720
Recognition of share-based payments	—	835	—	835
Share options cancelled	—	(31)	31	—
Dividend paid (Note 39)	—	—	(31,471)	(31,471)
Balance at March 31, 2011	62,000	162,373	67,589	291,962
Profit and total comprehensive income for the year	—	—	36,823	36,823
Proceeds from rights issue	12,400	33,728	—	46,128
Shares issued from exercise of share options	144	276	—	420
Recognition of share-based payments	—	423	—	423
Share options cancelled	—	(78)	78	—
Dividend paid (Note 39)	—	—	(38,516)	(38,516)
Balance at March 31, 2012	74,544	196,722	65,974	337,240
Profit and total comprehensive income for the year	—	—	17,039	17,039
Share options cancelled	—	(222)	222	—
Dividend paid (Note 39)	—	—	(29,499)	(29,499)
Balance at March 31, 2013	74,544	196,500	53,736	324,780
Loss and total comprehensive expense for the period	—	—	(7,840)	(7,840)
Share options cancelled	—	(723)	723	—
Dividend declared (Note 39)	—	—	(22,855)	(22,855)
Balance at July 31, 2013	74,544	195,777	23,764	294,085

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(unaudited)	
Operating activities:					
Profit before tax	110,044	55,885	54,443	19,617	20,343
Adjustments for:					
Depreciation expense	8,628	11,723	12,250	4,121	3,910
Amortisation of prepaid lease payments	12	13	12	5	5
Interest expense	13,531	15,514	16,232	4,685	5,048
Share-based payment expense	835	423	—	—	—
Allowance for (reversal of) inventories	12,131	18,517	6,048	4,797	(4,794)
Allowance for (reversal of) doubtful trade receivables	10,081	(15,240)	(5,537)	120	6,800
(Gain) loss on disposal of property, plant and equipment	(1)	3	(98)	—	—
Net (gain) loss on fair value changes of derivative financial instruments	(3,799)	736	(1,607)	(686)	(897)
Share of loss of jointly controlled entities	22	21	—	—	—
Share of profit of associates	—	—	(808)	—	(2,742)
Release of exchange difference upon dissolution of overseas operations	7	(209)	—	—	—
Amortisation of financial guarantee liabilities	—	—	—	—	(100)
Interest income	(1,314)	(1,662)	(2,314)	(511)	(423)
Operating cash flows before movements in working capital	150,177	85,724	78,621	32,148	27,150
(Increase) decrease in trade and bills receivables	(82,950)	123,477	10,357	(58,046)	(64,934)
Decrease (increase) in other receivables and prepayments	6,428	7,283	(4,463)	244	2,938
(Increase) decrease in inventories	(19,980)	113,709	(13,429)	(53,609)	(73,102)
(Decrease) increase in trade and bills payables	(22,212)	(68,666)	(11,617)	32,325	20,082
Increase (decrease) in other payables	8,418	(4,177)	(10,879)	(8,666)	5,615
Decrease (increase) in long-term deposits	1,081	(1,430)	78	(2)	334
Increase in amounts due to jointly controlled entities	14	82	—	—	—
Cash generated from (used in) operations	40,976	256,002	48,668	(55,606)	(81,917)
Income tax paid	(22,937)	(15,757)	(8,261)	(917)	(1,491)
Interest paid	(13,531)	(15,514)	(15,484)	(4,685)	(6,120)
Interest received	1,314	1,662	2,314	511	423
Net cash from (used in) operating activities	5,822	226,393	27,237	(60,697)	(89,105)

	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(unaudited)	
Investing activities:					
Purchase of property, plant and equipment	(87,720)	(12,332)	(2,330)	(1,085)	(1,059)
(Increase) decrease in short-term bank deposit	(2,905)	2,905	—	—	—
Placement of restricted bank deposits	—	(27,256)	—	—	(135)
Withdrawal of restricted bank deposits	—	—	20,095	332	—
Proceeds from disposal of property, plant and equipment	27	3	143	—	—
Acquisition of investment in associates	—	—	(49,000)	—	—
Net cash used in investing activities	(90,598)	(36,680)	(31,092)	(753)	(1,194)
Financing activities:					
Dividend paid to shareholders	(31,471)	(38,516)	(29,499)	—	—
Dividend paid to non-controlling interests	—	(960)	—	—	—
Proceeds from rights issue	—	46,128	—	—	—
Proceeds from exercise of share options	—	420	—	—	—
Repayment of trust receipt loans	(2,074,497)	(2,163,958)	(1,489,893)	(432,979)	(546,524)
Proceeds from trust receipt loans	2,169,666	1,830,331	1,605,365	567,141	605,293
Repayment of bank borrowings	(123,108)	(35,257)	(102,299)	(67,337)	(66,700)
Proceeds from bank borrowings	145,655	92,000	76,416	24,567	50,000
Net cash from (used in) financing activities	86,245	(269,812)	60,090	91,392	42,069
Net increase (decrease) in cash and cash equivalents	1,469	(80,099)	56,235	29,942	(48,230)
Cash and cash equivalents at beginning of year/period	410,050	417,068	333,258	333,258	390,395
Effects of exchange rate changes on the balance of cash held in foreign currencies	5,549	(3,711)	902	2,264	(1,525)
Cash and cash equivalents at end of year/period	417,068	333,258	390,395	365,464	340,640

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

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

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

2. ADOPTION OF NEW AND REVISED STANDARDS

For the purpose of preparing and presenting the Financial Information for Track Record Period, the Group has consistently adopted all the new and revised International Accounting Standards ("IAS") and IFRS issued by the IASB and Interpretations issued by the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for financial period beginning on or after April 1, 2013.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
IFRS 9	Financial Instruments[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
IFRIC 21	Levies[1]

[1] Effective for annual periods beginning on or after January 1, 2014

[2] Effective for annual periods beginning on or after July 1, 2014

[3] Available for application - the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised, with earlier application permitted.

The management anticipates that the application of the IFRS 9 may have impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The management anticipates that the application of the other new and revised standards and interpretations will have no material impact on the profit or loss and the financial position of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies below, and are drawn up in accordance with the IFRSs issued by the IASB.

In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the

measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such as basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transaction that are within the scope of IAS 17.

Basis of consolidation

The Financial Information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

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

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance.

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

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

Investments in subsidiaries

Investments in subsidiaries included in the Company's statement of financial position are carried at cost less any identified impairment loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the Financial Information using the equity method of accounting. Under the equity method, an investment in associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates or joint venture. When the Group's share of losses of an associate exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount

(higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with its associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate are recognised in the Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Management fee income is recognised when management and administration services are provided.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statements of financial position at cost less accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives on the following bases:

• Leasehold land and buildings	Over the shorter of lease term or 50 years, straight-line method
• Motor vehicles	20%, straight-line method
• Plant and equipment	20%, straight-line method
• Computer equipment, furniture and fixtures	20% to 33⅓%, straight-line method

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset.

Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as expenses on a straight-line basis over the term of the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

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

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

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year/period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the mandatory provident fund scheme in Hong Kong (the "MPF") are recognised as an expense when employees have rendered the services entitling them to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Taxation

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

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

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

Deferred tax liabilities are recognised on taxable temporary differences associated with investments in subsidiaries, associates and interest in joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse

in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Intangible assets

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Impairment of tangible and intangible assets, excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years/periods. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when a group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised directly in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item. Fair value is determined in the manner described in Note 5.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including cash and cash equivalents, restricted bank deposits, short-term bank deposit, trade and bills receivables, other receivables and long term deposits) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL.

A financial liability is classified as held for trading if:

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

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss is included in the 'other gains and losses' line item. Fair value is determined in a manner described in Note 5.

Other financial liabilities

Other financial liabilities including trust receipt loans, trade and bills payables, dividend payable, others payables, amounts due to jointly controlled entities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to

recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

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

The policy described above is applied to all equity-settled share-based payments that were granted after November 7, 2002 that vested after January 1, 2005. For share options granted to employees on or before November 7, 2002, or granted after November 7, 2002 and vested before January 1, 2005, the financial impact of share options granted is not recorded in the Financial Information until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Management has not made any critical judgements in applying the Group's accounting policies other than judgements relating to estimation uncertainties as stated below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period, are discussed below.

Allowance for doubtful debts

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at March 31, 2011, 2012 and 2013 and July 31, 2013, the carrying amount of the Group's trade receivables are approximately HK$592,422,000, HK$470,144,000, HK$473,756,000 and HK$521,246,000, net of allowance for doubtful debts of HK$45,252,000, HK$29,932,000, HK$23,727,000 and HK$30,730,000 respectively.

Allowance for inventories obsolescence

The Group operates in the electronics industry which is subject to rapid technological changes and product obsolescence. The Group's policy for allowance for inventories obsolescence is based on the aging analysis of inventories and on management's judgement on the saleability of the inventories. At the end of each reporting period, management is of the opinion that the allowance for inventories obsolescence is adequate but not excessive. The carrying amount of the Group's inventories are HK$476,448,000, HK$346,661,000, HK$353,561,000 and HK$431,822,000 as at March 31, 2011, 2012, 2013 and July 31, 2013, respectively, net of allowance for inventories of HK$20,761,000, HK$33,716,000, HK$31,747,000 and HK$23,845,000 as at March 31, 2011, 2012, 2013 and July 31, 2013, respectively.

Fair value of derivative financial instruments

The Group is required to assess the fair values of its derivative financial instruments which involve the input of certain variables and, accordingly, require significant management judgement and assumptions.

Management has evaluated the assumptions used and judgement applied and is of the opinion that the assumptions used and judgement applied are reasonable and appropriate. The carrying amount of derivative financial instruments is disclosed in Note 12.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated in the statements of financial position at cost less accumulated depreciation and identified impairment losses. The estimation of their useful lives impacts the level of annual depreciation expense recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of asset. For any instance where this evaluation process indicates impairment, the appropriate assets' carrying values are written down to the recoverable amounts and the amount of the write-down is charged to profit or loss. As at March 31, 2011, 2012 and 2013 and July 31, 2013, the carrying amount of property, plant and equipment at the end of the reporting period is HK$166,380,000, HK$172,288,000 and HK$162,278,000 and HK$162,025,000, respectively.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets								
Derivative financial instruments (fair value through profit or loss)	31	237	136	331	—	—	—	—
Loan and receivables (including cash and cash equivalents)	1,040,322	873,977	906,930	916,684	183,019	227,977	214,228	210,670
Available-for-sale financial assets	2,001	2,001	2,001	2,001	—	—	—	—
Financial liabilities								
Liabilities at amortised cost	1,159,946	816,703	886,625	972,209	6,330	7,894	9,135	31,935
Financial guarantee liabilities	—	—	—	428	—	—	—	428
Derivative financial instruments (fair value through profit or loss)	3,155	4,097	2,389	1,687	—	—	—	—

(b) Financial risk management policies and objectives

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which were executed by the treasury department. It is and has been throughout the Track Record Period the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The Group uses derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including forward exchange contracts and interest rate swap contracts to reduce such exposures.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The Group incurs foreign currency risk on sales and purchases that are denominated in currencies other than its functional currencies and therefore is exposed to foreign exchange risk.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	THE GROUP							
	Assets				Liabilities			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars	861,390	734,080	761,517	741,269	(527,033)	(478,729)	(471,097)	(502,626)
Hong Kong dollars	1,300	2,464	1,278	1,222	(65,040)	(50,442)	(59,471)	(70,656)
Japanese yen	10,783	4,557	1,965	2,731	(45,156)	(26,507)	(14,407)	(22,449)
Chinese renminbi	5,257	2,655	4,825	3,792	(1,211)	(1,211)	(1,211)	(1,211)
Euro	1,556	172	641	645	(443)	(304)	(403)	(189)
Singapore dollars	642	2,376	1,561	1,218	—	—	(24)	(151)
Other currencies	30	34	4	5	—	—	—	—

	THE COMPANY							
	Assets				Liabilities			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars	—	39	39	39	—	—	—	(6)
Singapore dollars	520	2,233	1,522	1,173	—	—	(24)	(41)

Certain companies in the Group use forward contracts to reduce currency risk exposure. Further details on the forward exchange derivative instruments are found in Note 12.

Foreign currency sensitivity

The Group is mainly exposed to the fluctuations in United States dollars, Hong Kong dollars, Japanese yen against the functional currencies of each of the Group entities. However, as the United Stated dollars is pegged to Hong Kong dollars, management of the Company are of the opinion that the exposure of entities having of Hong Kong dollar as functional currency to United States dollar is minimal and accordingly, no foreign currency sensitivity analysis on United States dollars against Hong Kong dollars is presented.

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each of the Group entities. 5% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency weakens by 5% against the functional currency of each Group entity, post-tax profit for the year/period will increase (decrease) by:

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars (i)	5,504	3,575	4,249	5,441	—	—	—	—
Hong Kong dollars (i)	2,432	1,835	2,183	2,604	—	—	—	—
Japanese yen (ii)	1,289	823	467	739	—	—	—	—
Chinese renminbi (iii)	(152)	(54)	(136)	(97)	—	—	—	—
Euro	(42)	5	(9)	(17)	—	—	—	—
Singapore dollars	(24)	(89)	(58)	(40)	(26)	(112)	(75)	(57)

If the relevant foreign currency strengthens by 5% against the functional currencies of each the Group entity, there would be an equal and opposite impact on the profit after income tax.

Notes:

(i) This is mainly attributable to the exposure on bank balances, trade receivables and payables as at year/period end. Since the Hong Kong dollar remains closely pegged to United States dollar, the sensitivity analysis excludes the group entities with functional currencies denominated in Hong Kong dollar or United States dollar.

(ii) This is mainly attributable to the exposure on bank balances and trade payables denominated in Japanese yen as at end of the reporting period.

(iii) This is mainly attributable to the exposure on bank balances denominated in Chinese renminbi as at end of the reporting period.

(ii) Interest rate risk management

Interest rate risk arises from the potential changes in interest rates that may have adverse effects on the Group's results. The interest rates and terms of repayment of the trust receipt loans and bank borrowings of the Group are disclosed in Notes 22 and 25 respectively.

Companies in the Group entered into interest swap contracts to hedge against their exposures to interest rate risk. Further details on the interest rate swap derivative instruments are found in Note 12.

The directors of the Company consider the Group's or the Company's exposure on bank deposits is not significant as the interest rates have no material fluctuation during the Track Record Period.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings and trust receipt loans at the end of the reporting period. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's post-tax profit would decrease or increase by HK$3,240,000, HK$2,089,000 and HK$2,254,000 and HK$810,000 for the year ended March 31, 2011, 2012 and 2013 and for the four months ended July 31, 2013, respectively.

(iii) Credit risk management

As at March 31, 2011, 2012 and 2013 and July 31, 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 41.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are reputable banks.

Other than concentration of credit risk on liquid funds which are deposited with several reputable banks, the Group had concentration of credit risk on trade receivables as 9%, 5%, 5% and 4% of the total trade receivables were due from the Group's largest customer as at March 31, 2011, 2012 and 2013 and July 31, 2013, respectively.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of committed credit facilities. The committed unutilized banking facilities made available to the Group as at March 31, 2011, 2012 and 2013 and July 31, 2013 are approximately HK$465 million, HK$880 million and HK$794 million and HK$677 million, respectively.

The Group manages liquidity risk by maintaining sufficient cash and the availability of adequate banking facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities for the Company and the Group. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company and the Group can be required to pay. Specifically, bank loans and trust receipt loans with a repayable on demand clause and a bank loan that breaching the loan convenant were included in the earliest time band regardless of the probability of banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP							
At March 31, 2011							
Trade and bills payables							
- non-interest bearing	—	373,918	—	—	—	373,918	373,918
Other payables							
- non-interest bearing	—	1,281	—	—	—	1,281	1,281
Amounts due to jointly controlled entities							
- non-interest bearing	—	8,670	—	—	—	8,670	8,670
Trust receipt loans							
- variable interest rate	1.48	639,628	—	—	—	639,628	639,628
Bank borrowings							
- variable interest rates	3.11	66,863	5,377	10,657	56,321	139,218	136,449
		1,090,360	5,377	10,657	56,321	1,162,715	1,159,946

	Weighted average effective interest rate	On demand or less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP							
At March 31, 2012							
Trade and bills payables							
- non-interest bearing	—	307,093	—	—	—	307,093	307,093
Other payables							
- non-interest bearing	—	487	—	—	—	487	487
Amounts due to jointly controlled entities							
- non-interest bearing	—	8,752	—	—	—	8,752	8,752
Trust receipt loans							
- variable interest rate	2.24	306,001	—	—	—	306,001	306,001
Bank borrowings							
- variable interest rates	3.75	95,230	10,341	26,415	67,757	199,743	194,370
		717,563	10,341	26,415	67,757	822,076	816,703
At March 31, 2013							
Trade and bills payables							
- non-interest bearing	—	295,400	—	—	—	295,400	295,400
Other payables							
- non-interest bearing	—	1,452	—	—	—	1,452	1,452
Trust receipt loans							
- variable interest rate	2.23	421,473	—	—	—	421,473	421,473
Bank borrowings							
- variable interest rates	2.78	95,222	6,108	18,159	—	119,489	118,300
- fixed interest rate	3.12	50,000	—	—	—	50,000	50,000
		863,547	6,108	18,159	—	887,814	886,625

	Weighted average effective interest rate	On demand or less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At July 31, 2013							
Trade and bills payables							
- non-interest bearing	—	316,008	—	—	—	316,008	316,008
Other payables							
- non-interest bearing	—	1,504	—	—	—	1,504	1,504
Dividend payable	—	22,855	—	—	—	22,855	22,855
Financial guarantee contract	—	19,027	—	—	—	19,027	428
Trust receipt loans							
- variable interest rate	2.25	480,242	—	—	—	480,242	480,242
Bank borrowings							
- variable interest rates	2.70	83,708	80	18,079	—	101,867	101,600
- fixed interest rate	2.90	50,000	—	—	—	50,000	50,000
		973,344	80	18,079	—	991,503	972,637
THE COMPANY							
At March 31, 2011							
Amounts due to subsidiaries							
- non-interest bearing	—	6,330	—	—	—	6,330	6,330
Financial guarantee contracts		886,135	5,377	10,657	56,321	958,490	—
		892,465	5,377	10,657	56,321	964,820	6,330
At March 31, 2012							
Amounts due to subsidiaries							
- non-interest bearing	—	7,894	—	—	—	7,894	7,894
Financial guarantee contracts		560,318	10,341	26,415	67,757	664,831	—
		568,212	10,341	26,415	67,757	672,725	7,894

	Weighted average effective interest rate	On demand or less than 3 months	3 to 6 months	6 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At March 31, 2013							
Other payables							
- non-interest bearing	—	224	—	—	—	224	224
Amount due to a subsidiary							
- non-interest bearing	—	8,911	—	—	—	8,911	8,911
Financial guarantee contracts		753,802	6,108	18,159	—	778,069	—
		762,937	6,108	18,159	—	787,204	9,135
At July 31, 2013							
Other payables							
- non-interest bearing	—	47	—	—	—	47	47
Amounts due to subsidiaries							
- non-interest bearing	—	9,033	—	—	—	9,033	9,033
Dividend payable	—	22,855	—	—	—	22,855	22,855
Financial guarantee contracts		792,143	80	18,079	—	810,302	428
		824,078	80	18,079	—	842,237	32,363

Bank borrowings and trust receipt loans with a repayable on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. Taking into account the Group's financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that the long-term portion of such bank loans will be repaid one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreement.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Non-derivative financial assets

The Group and Company's financial liabilities are to be met by the maturity of financial assets that more than sufficiently cover all arising liabilities. The non-derivative financial assets are all due and receivable within one year except for long term deposits as disclosed in Note 15 and are all non-interest bearing except for cash at bank, short-term and restricted bank deposits which bear interest as disclosed in Note 8.

Derivative financial instruments — net settlement

	Within 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP				
At March 31, 2011				
Foreign exchange forward contract				
- inflow	28	3	31	31
- outflow	(146)	—	(146)	(146)
Interest rate swaps				
- outflow	—	(3,009)	(3,009)	(3,009)
	(118)	(3,006)	(3,124)	(3,124)
At March 31, 2012				
Foreign exchange forward contract				
- inflow	87	—	87	87
- outflow	(292)	—	(292)	(292)
Interest rate swaps				
- inflow	150	—	150	150
- outflow	—	(3,805)	(3,805)	(3,805)
	(55)	(3,805)	(3,860)	(3,860)
At March 31, 2013				
Foreign exchange forward contract				
- inflow	136	—	136	136
Interest rate swaps				
- outflow	—	(2,389)	(2,389)	(2,389)
	136	(2,389)	(2,253)	(2,253)

	Within 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000
At July 31, 2013				
Foreign exchange forward contract.....				
- inflow	331	—	331	331
- outflow.....	(110)	—	(110)	(110)
Interest rate swaps				
- outflow.....	(1,577)	—	(1,577)	(1,577)
	(1,356)	—	(1,356)	(1,356)

(v) Fair value measurement

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 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- 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).

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)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		03.31.2011	03.31.2012	03.31.2013	07.31.2013				
1)	Foreign currency forward contracts (see note 12).....	Assets — HK$31,000; and Liabilities — HK$146,000	Assets — HK$87,000 and Liabilities — HK$292,000	Assets — HK$136,000	Assets — HK$331,000; and Liabilities — HK$110,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2)	Interest rate swaps (see note 12)....	Liabilities — HK$3,009,000	Assets — HK$150,000; Liabilities — HK$3,805,000	Liabilities — HK$2,389,000	Liabilities — HK$1,577,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

There were no transfer between Level 1 and 2 for the Group during the Track Record Period.

The directors consider that the carrying amount of financial assets and liabilities recognized in the Company's and consolidated financial statements at amortized cost approximate their fair values.

Fair value measurements and valuation process

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

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 22 and 25, offset by cash and cash equivalents, short-term bank deposit, restricted bank deposits and equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits as disclosed in the notes to Financial Information. The Group is required to comply with bank covenants in loan agreements with banks.

The management reviews the capital structure on an ongoing basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the Track Record Period.

6. RELATED COMPANY TRANSACTIONS

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

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

During the Track Record Period, the Group entered into the following transactions with associates:

	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Sales of electronic components	—	—	9,521	—	1,578
Other income	—	—	413	—	3
Management fee income	—	—	320	—	275
Purchases of electronic components	—	—	36,499	—	28,673

As at the end of the reporting period, the Group has the following balances with related parties:

		At March 31,			At July 31,	
		2011	2012	2013	2012	2013
		HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
I.	Associates					
	- trade receivables aged less than 60 days	—	—	—	—	1,578
	- other receivables (note i)	—	—	336	—	1
	- trade payables aged less than 30 days	—	—	(10,816)	—	(3,698)
II.	Jointly controlled entities					
	- other payables (note ii)	(8,670)	(8,752)	—	—	—

Notes:

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

(ii) Amounts are unsecured, interest-free, repayable on demand and settled in cash. No guarantees have been given or received.

At March 31 and July 31, 2013, certain subsidiaries of the Group and the Company had given corporate guarantees (unsecured) of approximately HK$78,645,000 and HK$114,567,000, respectively to its banks in respect of banking facilities granted to the associates , of which HK$nil and HK$19,027,000 of banking facilities was utilised by the associates at March 31 and July 31, 2013, respectively.

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

7. OTHER RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Short-term benefits	18,948	20,107	19,948	6,534	7,019
Post-employment benefits	881	947	976	325	318
Other long-term benefits	2,900	2,320	2,306	649	480
Share-based payments	474	239	—	—	—
	23,203	23,613	23,230	7,508	7,817

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

8. CASH AND CASH EQUIVALENTS, SHORT-TERM AND RESTRICTED BANK DEPOSITS

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cash at bank	379,382	310,380	330,226	311,660	965	2,422	1,816	2,409
Term deposits	39,977	49,791	67,036	36,103	—	—	—	—
Cash on hand	614	343	294	173	—	—	—	—
	419,973	360,514	397,556	347,936	965	2,422	1,816	2,409
Analysed as:								
Cash and cash equivalents[(a)]	417,068	333,258	390,395	340,640	965	2,422	1,816	2,409
Restricted bank deposits[(b)]	—	27,256	7,161	7,296	—	—	—	—
Short-term bank deposit[(c)]	2,905	—	—	—	—	—	—	—
	419,973	360,514	397,556	347,936	965	2,422	1,816	2,409

Notes:

(a) As at March 31, 2011, 2012 and 2013 and July 31, 2013, cash and cash equivalents comprise cash held by the Group of HK$379,996,000, HK$310,723,000 and HK$330,520,000 and HK$311,833,000 and short-term bank deposits with an original maturity of three months or less of HK$37,072,000, HK$22,535,000 and HK$59,875,000 and HK$28,807,000, respectively. The carrying amounts of these assets approximate their fair values. The short-term deposits bear average effective interest of 0.34%, 0.14%, 0.19% and 0.17% per annum and for tenure from 7 days to 89 days, 7 days to 8 days, 7 days to 14 days and 8 days to 14 days respectively.

(b) The balance is pledged to bank to secure short term bills payable and to facilitate the custom's clearing process. As at March 31, 2011, 2012, 2013 and July 31, 2013, the restricted bank deposits bear average effective interest of 2.2%, 3.5%, 3.09% and 3.0% per annum, respectively and for tenure of 365 days.

(c) As at March 31, 2011, the short-term bank deposit bore average effective interest of 2.2% per annum and for tenure of 181 days.

The Group's and the Company's cash and cash equivalents, short-term and restricted bank deposits that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars ...	297,093	229,298	284,059	235,861	—	39	38	39
Hong Kong dollars	65	209	5	15	—	—	—	—
Japanese yen	4,024	1,669	582	447	—	—	—	—
Chinese renminbi.....	2,339	788	1,401	1,179	—	—	—	—
Singapore dollars.....	635	2,369	1,561	1,195	520	2,233	1,522	1,173
Other currencies	1,079	203	164	612	—	—	—	—

9. TRADE AND BILLS RECEIVABLES

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	637,674	500,076	497,483	551,976
Less: allowance for doubtful debts.....	(45,252)	(29,932)	(23,727)	(30,730)
Net	592,422	470,144	473,756	521,246
Bills receivables	19,141	38,903	29,369	42,446
	611,563	509,047	503,125	563,692

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

The average credit period on sales of goods is 60 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
0-60 days	418,965	375,353	332,258	408,830
61-90 days	144,562	63,322	104,847	96,989
> 90 days	28,895	31,469	36,651	15,427
	592,422	470,144	473,756	521,246

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

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
0-60 days	10,399	25,561	15,517	26,045
61-180 days	8,742	13,342	13,852	16,401
	19,141	38,903	29,369	42,446

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. 84%, 76%, 78% and 78% as at March 31, 2011, 2012, 2013 and July 31, 2013 of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the internal credit scoring system used by the Group.

Included in the Group's trade receivables balance are debtors with a carrying amount of HK$60,444,000, HK$90,748,000, HK$81,400,000 and HK$89,539,000 respectively, which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired (classified based on payment due date)

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Less than 90 days	60,444	90,748	81,400	89,539

The Group determines whether the trade receivables balances were impaired based on objective evidence of impairment loss. In determining whether receivable balances past due have been impaired or not, the Group takes into consideration the estimated future cash inflows from such balances as determined by its experience with, and where appropriate, discussions with, its customers.

Movement in the allowance for doubtful debts

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at beginning of the year/period	37,665	45,252	29,932	23,727
Impairment losses (reversal of allowance) recognised in profit or loss	10,081	(15,240)	(5,537)	6,800
Amounts written off as uncollectible	(3,324)	(571)	(632)	—
Currency realignment	830	491	(36)	203
Balance at end of the year/period	45,252	29,932	23,727	30,730

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$3,637,000, HK$716,000, HK$182,000 and HK$179,000, respectively, at the end of each reporting period.

The Group's trade and bills receivables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars	362,752	285,482	285,055	293,966
Japanese yen	6,760	2,801	1,246	1,977
Euro	506	4	482	37
Other currencies	102	93	10	3

10. OTHER RECEIVABLES AND PREPAYMENTS

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Due from subsidiaries	—	—	—	—	182,054	225,555	212,412	208,260
Due from an associate	—	—	336	1	—	—	—	—
Deposits	7,908	2,123	6,067	2,724	10	—	3,143	11
Prepayments	3,696	3,406	1,927	3,560	162	91	72	40
Others	2,393	1,332	2,988	2,110	—	—	—	—
	13,997	6,861	11,318	8,395	182,226	225,646	215,627	208,311

The amounts due from subsidiaries and an associate are unsecured, interest-free, repayable on demand and directors of the Company expected that to be settled in cash in the next twelve month from the reporting date.

The Group's and Company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars	1,653	1,023	2,163	1,436	23	23	93	—
Chinese renminbi	2,098	997	2,581	1,779	—	—	—	—
Singapore dollars	146	75	—	11	139	68	—	11

11. PREPAID LEASE PAYMENTS

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At beginning and end of year/period	764	764	764	764
AMORTISATION				
At beginning of year/period	96	108	121	133
Charge to profit or loss during the year/period	12	13	12	5
At end of year/period	108	121	133	138
CARRYING AMOUNT				
At end of year/period	656	643	631	626
At beginning of year/period	668	656	643	631
Represented by:				
Current portion	12	12	12	12
Non-current portion	644	631	619	614
Total	656	643	631	626

This represents land use rights for 1 plot of land with lease term of 62 years in the PRC.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP							
	At March 31,						At July 31,	
	2011		2012		2013		2013	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Forward foreign exchange contracts	31	(146)	87	(292)	136	—	331	(110)
Interest rate swaps	—	(3,009)	150	(3,805)	—	(2,389)	—	(1,577)
	31	(3,155)	237	(4,097)	136	(2,389)	331	(1,687)
Analysed as:								
Current	28	(146)	237	(292)	136	—	331	(1,687)
Non-current	3	(3,009)	—	(3,805)	—	(2,389)	—	—
	31	(3,155)	237	(4,097)	136	(2,389)	331	(1,687)

The following table details the forward foreign currency contracts outstanding as at the end of the reporting period:

Outstanding contracts	Exchange rates				Amount in foreign currency				Total notional amount				Fair value			
	At March 31,			At July 31,	At March 31,			At July 31,	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011 '000	2012 '000	2013 '000	2013 '000	2011 HK$'000	2012 HK$'000	2013 HK$'000	2013 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	2013 HK$'000
Buy SGD and sell HKD				SGD1/				3,600				22,035				(86)
Less than 3 months				HK$6.0870 to 6.1885												
Buy YEN and sell HKD	YEN 1/	YEN 1/	YEN 1/	YEN 1/	200,000	422,000	90,000	123,000	18,954	40,109	7,290	9,446	(146)	(205)	136	307
Less than 3 months	HK$0.0948	HK$0.09338 to 0.09632	HK$0.081	HK$0.0768												
Buy USD and sell HKD	US$1/	—	—	—	7,500	—	—	—	58,072	—	—	—	28	—	—	—
Less than 3 months	HK$7.7145 to 7.7450															
Buy CNY and sell USD	—	US$1/	—	—	—	600	—	—	—	4,662	—	—	—	—	—	—
Less than 3 months		CNY6.68 to 6.88														
Buy CNY and sell USD	US$1/	—	—	—	2,400	—	—	—	18,696	—	—	—	3	—	—	—
Over 1 year	CNY6.68 to 6.88															
									95,722	44,771	7,290	31,481	(115)	(205)	136	221

Note: The foreign currency forwards will be settled in net at maturity of the contracts.

Interest rate swaps

The Group had entered into a 5-year periodic knock out interest rate swap on July 24, 2009. According to this swap, the Group receives a fixed subsidy of 0.1% interest income on a notional amount of HK$50,000,000 for the first 2 years on a quarterly basis. While for the third year to fifth year, the Group has to pay an interest expense at 3.62% on the HK$50,000,000 notional amount on a quarterly basis if the 3-month HIBOR rate is equal to or below 7% at the settlement date while receiving an interest income of 3-month HIBOR rate. As at March 31, 2011, 2012, 2013 and July 31, 2013, this swap has remaining 14, 10, 6 and 4, respectively, quarterly settlements with final maturity on July 28, 2014.

Moreover, the Group had also entered into a USD/HKD performance swap on March 1, 2010. According to this swap, the Group receives an interest income of 3-month HIBOR plus 1% for a notional amount of HK$15,000,000 for 3 years on a quarterly basis while it has the obligation to pay an interest expense of 3-month HIBOR cap at 2.5%. As at March 31, 2011 and 2012, this swap has remaining 8 and 4 quarterly settlements, respectively, with final maturity on March 4, 2013.

The above derivatives are measured at fair value at the end of each reporting period. Their fair values are determined as follows:

- foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted exchange rates matching maturities of the contracts; and

- interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Fair value changes of derivative financial instruments have been recognised in profit or loss as part of other gains and losses during the Track Record Period.

13. INVENTORIES

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Finished goods held for resale	497,209	380,377	385,308	455,667
Less: Allowance for inventories	(20,761)	(33,716)	(31,747)	(23,845)
	476,448	346,661	353,561	431,822

Movement in the allowance for inventories

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at beginning of the year/period	17,678	20,761	33,716	31,747
Increase in allowance recognised (reversal of allowance) in profit or loss	12,131	18,517	6,048	(4,794)
Amounts written off during the year/period	(9,287)	(5,760)	(7,952)	(3,117)
Currency realignment	239	198	(65)	9
Balance at end of the year/period	20,761	33,716	31,747	23,845

Cost of inventories recognised as an expense includes the above allowances recognised (reversal of allowance) in profit or loss in respect of write-downs of inventories to net realisable value.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Motor vehicles	Plant and equipment	Computer equipment, furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP					
COST					
At April 1, 2010	75,947	3,970	2,177	51,969	134,063
Exchange difference	2,325	10	8	555	2,898
Additions	79,148	707	566	9,475	89,896
Disposals	—	—	(326)	(1,233)	(1,559)
At March 31, 2011	157,420	4,687	2,425	60,766	225,298
Exchange difference	5,084	35	—	694	5,813
Additions	—	—	460	11,872	12,332
Disposals	—	—	(661)	(4,876)	(5,537)
At March 31, 2012	162,504	4,722	2,224	68,456	237,906
Exchange difference	—	(1)	(3)	(13)	(17)
Additions	—	—	124	2,206	2,330
Disposals	—	(246)	—	(353)	(599)
At March 31, 2013	162,504	4,475	2,345	70,296	239,620
Exchange difference	2,686	15	(3)	374	3,072
Additions	—	—	26	1,033	1,059
At July 31, 2013	165,190	4,490	2,368	71,703	243,751

	Leasehold land and buildings	Motor vehicles	Plant and equipment	Computer equipment, furniture and fixtures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ACCUMULATED DEPRECIATION					
At April 1, 2010	8,229	3,419	1,860	37,874	51,382
Exchange difference	100	11	3	327	441
Depreciation for the year	2,213	403	170	5,842	8,628
Disposals	—	—	(313)	(1,220)	(1,533)
At March 31, 2011	10,542	3,833	1,720	42,823	58,918
Exchange difference	153	14	—	341	508
Depreciation for the year	3,865	266	226	7,366	11,723
Disposals	—	—	(657)	(4,874)	(5,531)
At March 31, 2012	14,560	4,113	1,289	45,656	65,618
Exchange difference	22	—	(2)	8	28
Depreciation for the year	3,886	254	254	7,856	12,250
Disposals	—	(246)	—	(308)	(554)
At March 31, 2013	18,468	4,121	1,541	53,212	77,342
Exchange difference	198	8	(2)	270	474
Depreciation for the period	1,317	68	84	2,441	3,910
At July 31, 2013	19,983	4,197	1,623	55,923	81,726
CARRYING AMOUNT					
At July 31, 2013	145,207	293	745	15,780	162,025
At March 31, 2013	144,036	354	804	17,084	162,278
At March 31, 2012	147,944	609	935	22,800	172,288
At March 31, 2011	146,878	854	705	17,943	166,380

Details of the leasehold properties held by the Group as at March 31, 2011, 2012, 2013 and July 31, 2013 are set out below:

Description and location	Gross area	Tenure	Use
	(sq.ft.)		
24/F and parking space Nos. P16 and P23 on 2/F of Wyler Centre Phase 2 200 Tai Lin Pai Road, Kwai Chung New Territories, Hong Kong	25,618	99 years commencing from July 1, 1898 [(a)]	Storage, office and car park
Parking space No. 42 on 2/F of Wyler Centre Phase 2, 200 Tai Lin Pai Road Kwai Chung, New Territories, Hong Kong	N.A.	99 years commencing from July 1, 1898 [(a)]	Car park
Portion of Unit H, Level 6 and car parking space No.108, Maple Court, Shang-Mira Garden, Hongqiao Road, Shanghai, the PRC.....	1,408	60 years commencing from July 19, 2002	Residential and car park
14/F Jinyun Century Building, 6033 Shennan Main Road, Futian District, Shenzhen, the PRC	18,542	50 years commencing from February 28, 1997	Office
33/F International Corporate City, 3000 North Zhongshan Road, Putuo District, Shanghai, the PRC [(b)]	19,108	50 years commencing from July 30, 2004	Office

Notes:

(a) Pursuant to the Sino-British Joint Declaration, the term of the Crown lease was extended to June 30, 2047.

(b) As at March 31, 2011 and 2012, this property of carrying amount of HK$78,845,000 and HK$79,878,000, respectively, has been pledged to secure bank borrowings granted to the Group. This pledge of assets had been released during the year ended March 31, 2013.

15. LONG-TERM DEPOSITS

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Refundable security deposits	329	1,762	1,683	1,351

Refundable security deposits are mainly deposits placed with the landlords.

The Group's long-term deposits that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Chinese Renminbi	111	100	92	38

16. GOODWILL

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At beginning and end of year/period	8,142	8,142	8,142	8,142
IMPAIRMENT				
At beginning and end of year/period	8,142	8,142	8,142	8,142
CARRYING AMOUNT				
At beginning and end of year/period	—	—	—	—

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Goodwill of HK$8,142,000 has been allocated to ValenceTech Limited and its subsidiaries as a single CGU.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to the selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts, changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Due to uncertain global economic outlook, the Group revised the CGU's forecast and the estimated recoverable amount of the CGU was below its carrying amounts and goodwill was fully impaired in 2009. The management considered that there is no other material lived long assets in that CGU and no further impairment was made.

17. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Unquoted equity shares, at cost	16,448	16,448	16,448	16,448
Less: Impairment on investments	(16,448)	(16,448)	(16,448)	(16,448)
	—	—	—	—
Club debentures, at cost	2,001	2,001	2,001	2,001
	2,001	2,001	2,001	2,001

Movement for impairment provision

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at beginning and end of the year/period	16,448	16,448	16,448	16,448

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in Hong Kong, PRC, the United States of America and Korea. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

The Group's available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Chinese renminbi	1,191	1,191	1,191	1,191

18. OTHER INTANGIBLE ASSETS

THE GROUP

	Contract-based workforce	Customer relationship and network	Proprietary technology	Capitalised development cost	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At April 1, 2010, ...					
March 31, 2011, ...					
March 31, 2012, ...					
March 31, 2013 and ..					
July 31, 2013.....	2,769	5,002	7,594	2,016	17,381
ACCUMULATED AMORTISATION AND IMPAIRMENT:					
At April 1, 2010, ...					
March 31, 2011, ...					
March 31, 2012, ...					
March 31, 2013 and ..					
July 31, 2013	2,769	5,002	7,594	2,016	17,381
CARRYING AMOUNT					
March 31, 2011, ...					
March 31, 2012, ...					
March 31, 2013 and ..					
July 31, 2013.....	—	—	—	—	—

The intangible assets included above have finite useful lives, over which the assets were amortised, using the straight-line method, on the following basis:

Contract-based workforce	3 years or shorter of contract terms
Customer relationship and network	5 years
Proprietary technology	5 years
Capitalised development cost	3 years

19. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Unquoted equity shares, at cost.....	117,470	117,470	117,470	117,470

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests				Profit (loss) allocated to non-controlling interests				Accumulated non-controlling interests			
		At March 31,			At July 31,	At March 31,			At July 31,	At March 31,			At July 31,
		2011	2012	2013	2013	2011	2012	2013	2013	2011	2012	2013	2013
		%	%	%	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Noblehigh Enterprises Inc (note)	BVI/Hong Kong	40	40	40	40	1,825	(1,762)	(4,539)	(1,013)	8,011	5,299	763	(244)
Individually immaterial subsidiaries with non-controlling interests										490	488	488	488
Total										8,501	5,787	1,251	244

Note: The summarised financial information disclosed comprised of the financial information of Noblehigh Enterprises Inc. and its wholly owned subsidiaries.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

Noblehigh Enterprises Inc.

	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	29,001	20,152	16,272	16,829
Non-current assets	2,784	2,913	2,235	2,070
Current liabilities	(11,758)	(9,816)	(16,599)	(19,509)
Equity attributable to owners of the Company	12,016	7,950	1,145	(366)
Non-controlling interests	8,011	5,299	763	(244)

	Years ended March 31,			Four months ended July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	75,775	57,971	53,953	20,039
Expenses	(71,212)	(62,377)	(65,300)	(22,572)
Profit (loss) for the year/period	4,563	(4,406)	(11,347)	(2,533)
Profit (loss) attributable to owners of the Company	2,738	(2,644)	(6,808)	(1,520)
Profit (loss) attributable to the non-controlling interests	1,825	(1,762)	(4,539)	(1,013)
Profit (loss) for the year/period	4,563	(4,406)	(11,347)	(2,533)
Other comprehensive income attributable to owners of the Company	—	(1,422)	3	9
Other comprehensive income attributable to the non-controlling interests	—	(950)	3	6
Other comprehensive income for the year/period	—	(2,372)	6	15
Total comprehensive income attributable to owners of the Company	2,738	(4,066)	(6,805)	(1,511)
Total comprehensive income attributable to the non-controlling interests	1,825	(2,712)	(4,536)	(1,007)
Total comprehensive income for the year/period	4,563	(6,778)	(11,341)	(2,518)
Dividends paid to non-controlling interests	—	(960)	—	—
Net cash inflow (outflow) from operating activities	508	(4,019)	(6,108)	(356)
Net cash inflow (outflow) from investing activities	(2,169)	(491)	(153)	(71)
Net cash inflow (outflow) from financing activities	(2,204)	(1,600)	7,268	956
Net cash inflow (outflow)	(3,865)	(6,110)	1,007	529

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Cost of interest in jointly controlled entities	10,000	10,000	—	—
Share of post-acquisition losses	(1,227)	(1,248)	—	—
	8,773	8,752	—	—

At the end of each reporting period, the Group had interests in the following significant jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group				Proportion of voting power held				Principal activity
					At March 31,			At July 31,	At March 31,			At July 31,	
					2011	2012	2013	2013	2011	2012	2013	2013	
					%	%	%	%	%	%	%	%	
SAWA Electronics (Holdings) Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	50	50	—	—	50	50	—	—	Investment holdings
SAWA Electronics (Hong Kong) Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	50	—	—	—	50	—	—	—	Trading of electronics components

The jointly controlled entities are dissolved on November 30, 2012.

The summarised financial information in respect of the Group's jointly controlled entities is set out below:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	17,559	17,504	—	—
Current liabilities	(12)	—	—	—
Net assets	17,547	17,504	—	—
Expenses recognised in profit or loss	(44)	(42)	—	—
The above amounts of asset and liability include the following:				
Cash and cash equivalents	218	—	—	—

Reconciliation of the above summarised financial information to the carrying amount of the interest in SAWA Electronics (Holdings) Limited and its subsidiary recognised in the consolidated financial statements:

	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Net assets of the jointly controlled entities	17,547	17,504	—	—
Proportion of the Group's ownership interest in SAWA Electronics (Holdings) Limited and its subsidiary	50%	50%	—	—
Carrying amount of the Group's interest in SAWA Electronics (Holdings) Limited and its subsidiary	8,773	8,752	—	—

21. INTERESTS IN ASSOCIATES

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost of interest in associates	—	—	49,000	49,000	—	—	—	—
Deemed capital contribution	—	—	—	528	—	—	—	528
Share of post-acquisition reserves:								
Post-acquisition profits brought forward	—	—	—	809	—	—	—	—
Post-acquisition profits	—	—	808	2,742	—	—	—	—
Translation reserve	—	—	1	62	—	—	—	—
	—	—	49,809	53,141	—	—	—	528

Deemed capital contribution represents the fair value of financial guarantee contracts granted to the associate at initial recognition (note 41).

At the end of each reporting period, the Group had interests in the following significant associates:

Name of entity	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group				Proportion of voting power held				Principal activity
					At March 31,			At July 31,	At March 31,			At July 31,	
					2011	2012	2013	2013	2011	2012	2013	2013	
					%	%	%	%	%	%	%	%	
GW Electronics Company Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	—	—	49	49	—	—	49	49	Investment holding and trading of electronic components

The summarised financial information in respect of the Group's associates is set out below:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	—	—	211,406	316,845
Non-current assets	—	—	3,304	4,330
Current liabilities	—	—	(113,059)	(213,801)
The above amounts of assets and liability include the following:				
Cash and cash equivalents	—	—	94,791	68,375
Current financial liabilities (excluding trade and other payables and provisions)	—	—	—	(38,830)

	Years ended March 31,			Four months ended July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	—	—	196,862	501,127
Profit for the year/period	—	—	1,649	5,595
Other comprehensive income	—	—	2	127
Group's share of associates' profit and other comprehensive income for the year/period	—	—	809	2,804
The above profit for the year/period include the following:				
Depreciation	—	—	177	319
Income tax expense	—	—	561	1,858

Reconciliation of the above summarised financial information to the carrying amount of the interest in GW Electronics Company Limited recognised in the consolidated financial statements:

	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Net assets of the associate	—	—	101,651	107,374
Proportion of the Group's ownership interest in GW Electronics Company Limited	—	—	49%	49%
Deemed capital contribution	—	—	—	528
Carrying amount of the Group's interest in GW Electronics Company Limited	—	—	49,809	53,141

22. TRUST RECEIPT LOANS

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

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
Effective interest rate per annum	1.12% to 2.08%	1.4% to 3.86%	1.82% to 2.98%	1.86% to 2.78%

The Group's trust receipt loans that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars	—	—	468	1,724

23. TRADE AND BILLS PAYABLES

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	359,356	273,849	283,066	294,770
Bills payables (note)	14,562	33,244	12,334	21,238
	373,918	307,093	295,400	316,008

Note: As at March 31, 2011, 2012, 2013 and July 31, 2013, all bills payables of the Group are aged within 30 days, 150 days, and 30 days and 30 days respectively.

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

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Less than 30 days	299,922	241,754	237,822	242,715
31 to 60 days	41,079	30,769	44,848	51,722
61 to 90 days	14,728	956	300	278
> 90 days	3,627	370	96	55
	359,356	273,849	283,066	294,770

The average credit period on purchases of goods is 30 days. At the end of each reporting period, interest is charged at 2% per month by certain suppliers on any overdue trade payables.

Trade and bills payables principally comprise amounts outstanding for trade purchases. The Group's trade and bills payables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars	323,409	258,347	277,475	289,318
Japanese yen	45,010	26,206	14,381	22,423
Euro	443	305	403	189

24. OTHER PAYABLES

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Accrual for staff costs	34,497	31,614	23,002	27,569	—	—	—	—
Accrued expenses	7,186	5,464	5,067	7,048	2,019	796	809	1,925
Deposits from customers	6,882	6,669	2,828	3,049	—	—	—	—
Due to subsidiaries	—	—	—	—	6,330	7,894	8,911	9,033
Other tax payables	1,077	2,833	3,345	2,274	—	—	—	—
Interest payables	1,462	1,783	2,531	1,459	—	—	—	—
Others	1,116	35	1,453	1,503	—	—	224	47
	52,220	48,398	38,226	42,902	8,349	8,690	9,944	11,005

Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

The Group's and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP				THE COMPANY			
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
United States dollars	6,387	5,473	2,665	2,729	—	6	—	6
Chinese renminbi	327	2	—	167	—	—	—	166
Other currencies	1,409	122	50	66	1,265	—	24	41

25. BANK BORROWINGS

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Carrying amount of bank borrowing repayable (note):				
Within one year	35,227	51,461	145,000	140,000
More than one year but not exceeding two years	26,000	47,000	—	—
More than two years but not exceeding five years	29,000	18,500	—	—
	90,227	116,961	145,000	140,000
Carrying amount of bank loan that is not repayable within one year which is shown under current liability due to breach of a loan covenant	—	—	18,500	9,500
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	46,222	77,409	4,800	2,100
	136,449	194,370	168,300	151,600
Less: Amounts due within one year shown under current liabilities	(81,449)	(128,870)	(168,300)	(151,600)
Non-current portion	55,000	65,500	—	—
Analysed as:				
Secured	33,049	30,570	—	—
Unsecured	103,400	163,800	168,300	151,600
	136,449	194,370	168,300	151,600

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

The secured bank borrowing is secured by a pledge of the Group's property located in Shanghai, PRC and details disclosed in Note 14. It has been early repaid in full during the year ended March 31, 2013.

At March 31, 2011, 2012, 2013 and July 31, 2013, the Group's fixed rate borrowing with carrying amount of approximately HK$ nil, HK$ nil, HK$50,000,000 and HK$50,000,000, respectively, are due within one year.

In addition, the Group has unsecured variable rate borrowings and at March 31, 2011, 2012, 2013 and July 31, 2013, the interest rates reprice at 1.40% to 2.15%, 1.40% to 2.75%, 1.40% to 2.75% and 1.4% to 2.75% per annum over respective bank's cost of fund or Hong Kong Interbank Offer Rate (HIBOR) for the floating rate unsecured loans. The Group has secured variable rate borrowings at March 31, 2011 and 2012 that the interest rates reprice at 110% and 110% of base rate issued by People's Bank of China for the floating rate secured loans, respectively and no such borrowings outstanding as at March 31, 2013 and July 31, 2013.

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

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
Weighted average interest rate:				
- fixed rate borrowing	—	—	3.12	2.90
- variable rate borrowings	3.11	3.75	2.78	2.70

At the end of March 31, 2011, 2012, 2013 and July 31, 2013, the Group's unsecured bank loans with carrying amount of approximately HK$80,600,000, HK$105,000,000, HK$65,500,000 and HK$51,500,000, respectively, are required to comply with certain loan covenants.

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

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

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

26. DEFERRED TAX

The following are major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Allowance	Tax losses	Undistributable profits of subsidiaries	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
THE GROUP					
Balance at April 1, 2010	(2,523)	5,187	—	—	2,664
(Charge) credit to profit or loss	(180)	869	140	(2,114)	(1,285)
Balance at March 31, 2011	(2,703)	6,056	140	(2,114)	1,379
Credit (charge) to profit or loss	879	(2,942)	(14)	(314)	(2,391)
Balance at March 31, 2012	(1,824)	3,114	126	(2,428)	(1,012)
Credit (charge) to profit or loss	431	(1,494)	(126)	(151)	(1,340)
Balance at March 31, 2013	(1,393)	1,620	—	(2,579)	(2,352)
Credit (charge) to profit or loss	134	1,402	—	(300)	1,236
Balance at July 31, 2013	(1,259)	3,022	—	(2,879)	(1,116)

Under the new enterprise income tax law in the PRC and implementation regulations issued by the State Council, withholding tax at 10% or a lower treaty rate is imposed on dividends declared in respect of profits earned by the PRC subsidiary from January 1, 2008 onwards. As at March 31, 2011, 2012, 2013 and July 31, 2013, the Group recorded a deferred tax liability of HK$2,114,000, HK$2,428,000, HK$2,579,000 and HK$2,879,000, respectively, in respect of these undistributed earnings.

For the purposes of 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:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Deferred tax assets	3,512	1,416	259	1,763
Deferred tax liabilities	(2,133)	(2,428)	(2,611)	(2,879)
	1,379	(1,012)	(2,352)	(1,116)

Subject to the agreement by the tax authorities, at March 31, 2011, 2012, 2013 and July 31, 2013, the Group has unutilised tax losses of HK$18,120,000, HK$22,147,000, HK$37,400,000 and HK$40,618,000, respectively, available for offset against future profits. A deferred tax asset has been recognised in respect of HK$848,000, HK$764,000, HK$nil and HK$nil respectively, of such losses. No deferred tax asset has been recognised in respect of the remaining HK$17,272,000, HK$21,383,000, HK$37,400,000 and HK$40,618,000, respectively, due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.

At March 31, 2011, 2012, 2013 and July 31, 2013, the Group has other deductible temporary difference of approximately HK$20,886,000, HK$18,903,000, HK$18,136,000 and HK$16,073,000, respectively. No deferred tax asset had been recognised in relation to such deductible temporary difference as it is not probable that the deductible temporary difference can be utilised.

27. ISSUED CAPITAL

	THE GROUP AND THE COMPANY							
	At March 31,			At July 31,	At March 31,			At July 31,
	2011	2012	2013	2013	2011	2012	2013	2013
	'000	'000	'000	'000	HK$'000	HK$'000	HK$'000	HK$'000
	Number of ordinary shares of HK$0.20 each							
Authorised								
At beginning and end of year/period	600,000	600,000	600,000	600,000	120,000	120,000	120,000	120,000
Issued and paid up:								
At beginning of year/period	310,000	310,000	372,720	372,720	62,000	62,000	74,544	74,544
Shares issued in respect of rights issue	—	62,000	—	—	—	12,400	—	—
Shares issued under employee share option plan	—	720	—	—	—	144	—	—
At end of year/period	310,000	372,720	372,720	372,720	62,000	74,544	74,544	74,544

In April 2011, the Company allotted and issued 62,000,000 ordinary shares for cash as a result of a renounceable non-underwritten rights issue on the basis of one rights share for every five shares held by entitled shareholders. The Company raised gross proceeds of approximately HK$46,128,000.

As at March 31, 2011, employees held options over 31,771,000 ordinary shares of which 9,099,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiry on
6,032,000	June 13, 2011
5,740,000	April 10, 2012
1,100,000	May 5, 2013
9,450,000	April 16, 2014
350,000	November 17, 2014
9,099,000	October 1, 2019
31,771,000	

As at March 31, 2012, employees held options over 29,866,800 ordinary shares. The number of options and their expiry dates are as follows:

Number of options	Expiry on
6,888,000	April 10, 2012
600,000	May 5, 2013
11,040,000	April 16, 2014
420,000	November 17, 2014
10,918,800	October 1, 2019
29,866,800	

As at March 31, 2013, employees held options over 22,138,800 ordinary shares. The number of options and their expiry dates are as follows:

Number of options	Expiry on
600,000	May 5, 2013
10,200,000	April 16, 2014
420,000	November 17, 2014
10,918,800	October 1, 2019
22,138,800	

As at July 31, 2013, employees held options over 18,772,800 ordinary shares. The number of options and their expiry dates are as follows:

Number of options	Expiry on
8,400,000	April 16, 2014
420,000	November 17, 2014
9,952,800	October 1, 2019
18,772,800	

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in Note 29.

28. CAPITAL RESERVES

	THE GROUP AND THE COMPANY			
	Share premium	Contributed surplus	Share options reserve	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Balance at April 1, 2010	82,906	75,070	3,593	161,569
Recognition of share-based payment	—	—	835	835
Share options cancelled	—	—	(31)	(31)
Balance at March 31, 2011	82,906	75,070	4,397	162,373
Arising from rights issue	33,728	—	—	33,728
Exercise of share options	393	—	(117)	276
Recognition of share-based payment	—	—	423	423
Share options cancelled	—	—	(78)	(78)
Balance at March 31, 2012	117,027	75,070	4,625	196,722
Share options cancelled	—	—	(222)	(222)
Balance at March 31, 2013	117,027	75,070	4,403	196,500
Share options cancelled	—	—	(723)	(723)
Balance at July 31, 2013	117,207	75,070	3,680	195,777

Contributed surplus represents the difference between the underlying net tangible assets of the subsidiaries which were acquired by the Company at the date of a group re-organisation in 2001 and the nominal amount of the shares issued by the Company under the re-organisation.

The share option reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is set in Note 29.

29. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company adopts the Willas-Array Electronics Employee Share Option Scheme I ("ESOS I") and the Willas-Array Electronics Employee Share Option Scheme II ("ESOS II") to grant share options to eligible employees, including the executive directors of the Company and its subsidiaries.

The Company also adopts Willas- Array Electronics Empolyee Share Option Scheme III ("ESOS III") conditionally by a resolution of the Shareholders in a special general meeting of the Company held on July 30, 2013. For details of the ESOS III, please refer to the sub-section headed "General Information — Other information — Share option schemes" in Appendix VI.

The options under ESOS I grant the right to the holder to subscribe for new ordinary shares of the Company at a price equal to that offered to the public at the initial public offering of the new ordinary shares of the Company, which is set at S$0.28 per ordinary share and the maximum number of shares in respect of which options might be granted under ESOS I was 25,000,000.

Under ESOS I, the period for the exercise of an option will commence, except in certain special circumstances, after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant.

The options under ESOS II grant the right to the holder to subscribe for new ordinary shares of the Company at a discount to market price of the share (subject to a maximum discount of 20%) or at a price equal to the average of the closing prices of the shares on the SGX-ST on the five trading days immediately preceding the date of the grant of the option. The number of shares in respect of which options may be granted under ESOS II, when aggregate with those granted under any other share option schemes of the Company and the time being in force, shall not exceed 15% of the issued share capital of the Company on the date preceding the date of the relevant grant.

Under ESOS II, the period for the exercise of an option will commence, except in certain special circumstances, after the first anniversary of the date of grant and expiring on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at the market price; and after the second anniversary of the date of grant and expiring on the tenth anniversary of such date of grant in the case of an option granted with the exercise price set at a discount to the market price.

The above share option schemes are administered by a committee which has been authorised to determine the terms and conditions of the grant of the options.

ESOS I was terminated on July 2, 2001 upon admission of the Company to the Official List of the SGX-ST pursuant to the rules of the scheme and no further options would be granted by the Company under the scheme.

Details of the share options outstanding during the Track Record Period are as follows:

	THE GROUP AND THE COMPANY							
	At March 31,						At July 31,	
	2011		2012		2013		2013	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		S$		S$		S$		S$
At the beginning of the year/period	31,871,000	0.17	31,771,000	0.17	29,866,800	0.118	22,138,800	0.107
Adjusted for the rights issue during the year/period (note)	—	—	6,354,200	0.14	—	—	—	—
Exercised during the year/period	—	—	(720,000)	0.092	—	—	—	—
Lapsed during the year/period	—	—	(7,238,400)	0.233	(6,888,000)	0.15	(600,000)	0.092
Cancelled during the year/period	(100,000)	0.18	(300,000)	0.15	(840,000)	0.15	(2,766,000)	0.121
At the end of the year/period	31,771,000	0.17	29,866,800	0.118	22,138,800	0.107	18,772,800	0.105
Exercisable at the end of the year/period	22,672,000		29,866,800		22,138,800		18,722,800	

Note: In April 2011, the Company completed a renounceable non-underwritten rights issue on the basis one rights for every five shares and the share options number shall be appropriately increased in proportion to such increase of ordinary shares.

At March 31, 2011, 2012, 2013 and July 31, 2013, the options outstanding at the end of the year have a weighted average remaining contractual life of 3.68 years, 3.57 years, 3.72 years and 3.62 years, respectively.

Fair values of the share options were calculated using The Black-Scholes option pricing model. The inputs into the model were as follows:

	ESOS II	ESOS II	ESOS II	ESOS II
Grant date	**May 6, 2003**	**April 17, 2004**	**November 18, 2004**	**October 2, 2009**
Average share price at valuation date	S$0.14	S$0.22	S$0.18	S$0.09
Average exercise price	S$0.11	S$0.18	S$0.145	S$0.08
Expected life	2	2	2	2
Expected volatility	62%	59%	55%	91%
Expected dividend yield	7.14%	5.42%	5.62%	8.67%
Discount rate	0.71%	1.08%	1.53%	0.436%
Fair values	S$0.05	S$0.07	S$0.06	S$0.04

Expected volatility was determined by calculating the historical volatility of the Company's share price from July 2001 to October 2009. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

For the three years ended March 31, 2011, 2012, 2013 and the four months ended July 31, 2013, the Group recognised total expenses of HK$835,000, HK$423,000, HK$nil and HK$nil, respectively, related to equity-settled share-based payment transaction.

30. REVENUE

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Sales of electronic components	3,797,120	3,262,086	3,157,597	1,105,763	1,076,566

31. OTHER OPERATING INCOME

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Interest income from bank deposits	1,314	1,662	2,314	511	423
Management fee income	757	649	762	149	154
PRC tax rebate	959	1,398	822	—	198
Others	738	537	737	41	360
	3,768	4,246	4,635	701	1,135

32. OTHER GAINS AND LOSSES

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Net foreign exchange (loss) gain	(1,765)	4,828	382	(5,899)	3,961
Net gain (loss) on fair value changes of derivative financial instruments	3,799	(736)	1,607	686	897
(Allowance for) reversal of doubtful trade receivables	(10,081)	15,240	5,537	(120)	(6,800)
Others	(6)	206	97	—	—
	(8,053)	19,538	7,623	(5,333)	(1,942)

33. FINANCE COSTS

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Interest on:					
Bank borrowings and trust receipt loans					
- wholly repayable within five years	12,058	13,060	15,708	4,161	5,048
- not wholly repayable within five years	1,473	2,454	524	524	—
	13,531	15,514	16,232	4,685	5,048

34. INCOME TAX EXPENSE

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
The income tax charge comprises:					
Current tax					
Hong Kong	14,277	4,897	6,714	3,316	5,117
PRC Enterprise Income Tax	4,527	4,274	989	564	1,903
Other jurisdictions	1,655	1,661	3,604	680	578
	20,459	10,832	11,307	4,560	7,598
(Over) under provision in prior year					
Hong Kong	(9)	236	(92)	—	—
PRC Enterprise Income Tax	97	351	26	43	—
Other jurisdictions	377	(678)	563	—	—
	465	(91)	497	43	—
Deferred tax					
Current year/period (Note 26)	1,285	2,391	1,340	(135)	(1,236)
	22,209	13,132	13,144	4,468	6,362

The income tax expense varies from the amount of income tax expense determined by applying the Hong Kong Profits Tax rate of 16.5% to profit before tax as a result of the following differences:

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Profit before tax	110,044	55,885	54,443	19,617	20,343
Income tax expense at statutory rate	18,157	9,221	8,983	3,237	3,357
Tax effect of expenses not deductible for tax purpose	4,482	5,516	2,873	674	2,302
Tax effect of income not taxable for tax purpose	(2,433)	(2,998)	(2,528)	(14)	(785)
Under (over) provision in respect of prior year/period	465	(91)	497	43	—
Tax effect of tax losses not recognised	257	733	2,313	273	723
Utilisation of deferred tax benefits previously not recognised	(1,858)	(3)	(1,047)	(1)	(531)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,714	1,354	950	271	1,520
Withholding income tax on dividend	2,114	314	151	(20)	300
Others	(689)	(914)	952	5	(524)
	22,209	13,132	13,144	4,468	6,362

The domestic tax rate (which is Hong Kong Profits Tax rate) in the jurisdiction where the operation of the Group is substantially based is used. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The tax rate of the Taiwan subsidiary is 17%. Income taxes for overseas subsidiaries are calculated at the rates prevailing for the respective jurisdictions.

35. PROFIT FOR THE YEAR/PERIOD

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

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Directors' fees:					
Directors of the Company	970	1,061	1,060	346	380
Directors of the subsidiaries	16	16	13	5	5
Directors' remuneration:					
Directors of the Company	12,646	12,266	12,107	3,908	3,775
Directors of the subsidiaries	3,405	3,432	1,661	570	528
Audit fees paid to auditors	2,090	2,309	2,378	767	799
Non-audit fees paid to auditors					
Auditors of the Company	—	—	—	—	—
Other auditors	250	263	238	84	86
Staff costs (excluding directors' remuneration)	140,664	137,913	129,419	39,012	44,882
Amortisation of prepaid lease payment	12	13	12	5	5
Cost of inventories recognised as expenses	3,411,444	2,959,401	2,851,940	997,287	958,298
Depreciation of property, plant and equipment	8,628	11,723	12,250	4,121	3,910
Release of exchange loss (gain) upon dissolution of overseas operations	7	(209)	—	—	—
(Gain) loss on disposal of property, plant and equipment	(1)	3	(98)	—	—
Allowance for/(reversal of) inventories (Note i)	12,131	18,517	6,048	4,797	(4,794)

Note:

(i) During the four months ended July 31, 2013, there is a reversal of allowance for inventories of approximately of HK$4,794,000 recognised because of subsequent return of the relevant inventories.

36. OTHER COMPREHENSIVE INCOME

	THE GROUP				
	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Other comprehensive income (expense) includes					
Exchange differences arising on translating foreign operations:					
Exchange gain (loss) arising during the year/period	6,787	6,463	(377)	(2,586)	3,336
Release of exchange difference upon dissolution of overseas operations	7	(209)	—	—	—
Other comprehensive income (expense)	6,794	6,254	(377)	(2,586)	3,336
Income tax relating to components of other comprehensive income	—	—	—	—	—
Other comprehensive income (expense), net of income tax	6,794	6,254	(377)	(2,586)	3,336

37. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to the Directors for each of the reporting period were as follows:

Year ended March 31, 2011

	Director and chief executive	Directors						
	Leung Chun Wah	Kwok Chan Cheung	Hung Yuk Choy	Vichai Phaisalakani	Jovenal R. Santiago	Wong Kwan Seng Robert	Tse Pui Kee Albert	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	—	3	—	10	321	317	319	970
Salaries and other benefits	3,553	2,730	2,730	2,413	—	—	—	11,426
Contribution to retirement benefit schemes	194	151	151	135	—	—	—	631
Performance related incentive payment (note i)	—	—	—	589	—	—	—	589
Total emoluments	3,747	2,884	2,881	3,147	321	317	319	13,616

Year ended March 31, 2012

	Director and chief executive	Directors						
	Leung Chun Wah	Kwok Chan Cheung	Hung Yuk Choy	Vichai Phaisalakani	Jovenal R. Santiago	Wong Kwan Seng Robert	Tse Pui Kee Albert	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	—	3	—	10	345	358	345	1,061
Salaries and other benefits	3,538	2,730	2,730	2,104	—	—	—	11,102
Contribution to retirement benefit schemes	194	151	151	139	—	—	—	635
Performance related incentive payment (note i)	—	—	—	529	—	—	—	529
Total emoluments	3,732	2,884	2,881	2,782	345	358	345	13,327

Year ended March 31, 2013

	Director and chief executive	Directors						
	Leung Chun Wah	Kwok Chan Cheung	Hung Yuk Choy	Vichai Phaisalakani	Jovenal R. Santiago	Wong Kwan Seng Robert	Tse Pui Kee Albert	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	—	3	—	10	349	349	349	1,060
Salaries and other benefits	3,536	2,730	2,730	2,160	—	—	—	11,156
Contribution to retirement benefit schemes	194	151	151	140	—	—	—	636
Performance related incentive payment (note i)	—	—	—	315	—	—	—	315
Total emoluments	3,730	2,884	2,881	2,625	349	349	349	13,167

Four months ended July 31, 2012 (unaudited)

	Director and chief executive	Directors						
	Leung Chun Wah	Kwok Chan Cheung	Hung Yuk Choy	Vichai Phaisalakani	Jovenal R. Santiago	Wong Kwan Seng Robert	Tse Pui Kee Albert	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	—	1	—	3	114	114	114	346
Salaries and other benefits	1,181	910	910	643	—	—	—	3,644
Contribution to retirement benefit schemes	65	50	50	47	—	—	—	212
Performance related incentive payment (note i)	—	—	—	52	—	—	—	52
Total emoluments	1,246	961	960	745	114	114	114	4,254

Four months ended July 31, 2013

	Director and chief executive	Directors							
	Leung Chun Wah	Kwok Chan Cheung	Hung Yuk Choy	Vichai Phaisalakani	Jovenal R. Santiago	Wong Kwan Seng, Robert	Tse Pui Kee, Albert	Hon Kar Chun	Iu Po Chan, Eugene	Total
	HK$'000	HK$'000	HK$'000	HK$'000 (note iv)	HK$'000	HK$'000	HK$'000	HK$'000 (note ii)	HK$'000 (note iii)	HK$'000
Fees	—	1	—	3	125	125	92	—	34	380
Salaries and other benefits	1,184	910	910	365	—	—	—	128	—	3,497
Contribution to retirement benefit schemes	65	50	50	35	—	—	—	6	—	206
Performance related incentive payment (note i)	—	—	—	38	—	—	—	34	—	72
Total emoluments	1,249	961	960	441	125	125	92	168	34	4,155

Notes:

(i) The performance related incentive payment is determined based on the market practice, performance of the Group and performance of the individual.

(ii) Hon Kar Chun, Alvin, has been appointed as director on June 28, 2013 and his emoluments as employee before that date has been excluded from the above table.

(iii) Iu Po Chan, Eugene, has been appointed as director on June 28, 2013.

(iv) Vichai Phaisalakani has been resigned as director effective from June 28, 2013.

No emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

No Directors waived any emoluments in the years ended March 31, 2011, 2012, 2013 and the four months ended July 31, 2013.

Mr. Leung Chun Wah is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(b) Employees' emoluments

The five highest paid individuals of the Group included four directors for the four months ended July 31, 2012 and each of the years ended March 31, 2011, 2012 and 2013 and five directors, including Hon Kar Chun, Alvin, for the four month ended July 31, 2013. The emolument of the remaining one individual for the four months ended July 31, 2012 and each of the years ended March 31, 2011, 2012 and 2013 and the emoluments paid or payable to Hon Kar Chun, Alvin, when he acting as employee of the Group for the four months ended July 31, 2013 were as follows:

	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Salaries and other benefits	1,349	1,422	1,572	520	390
Contributions to retirement benefits scheme	61	65	72	24	18
Performance related incentive payments	724	534	385	149	98
Share-based payments	114	58	—	—	—
	2,248	2,079	2,029	693	506

38. EARNINGS PER SHARE

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

Earnings

	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the year/period attributable to owners of the Company)	86,010	44,518	45,838	15,123	14,994

Number of shares

	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	'000	'000	'000	'000 (unaudited)	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	320,690	371,421	372,720	372,720	372,720
Effect of dilutive potential ordinary shares:					
Options	5,486	6,717	5,761	5,653	6,398
Weighted average number of ordinary shares for the purposes of diluted earnings per share	326,176	378,138	378,481	378,373	379,118

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the rights issue on April 11, 2011.

39. DIVIDENDS

	Year ended March 31,			Four months ended July 31,	
	2011	2012	2013	2012	2013
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Dividends recognised as distribution during the Track Record Period:					
2010 — Final HK10.152 cents per share	31,471	—	—	—	—
2011 — Final HK10.354 cents per share	—	38,516	—	—	—
2012 — Final HK6.088 cents per share	—	—	22,693	22,693	—
2012 — Special HK1.826 cents per share	—	—	6,806	6,806	—
2013 — Final HK6.132 cents per share	—	—	—	—	22,855
	31,471	38,516	29,499	29,499	22,855

In respect of the year ended March 31, 2013, the directors propose that a dividend of HK6.132 cents per share will be paid to shareholders on August 23, 2013. This dividend is approved by shareholders at the Annual General Meeting and has been included as a liability in the Financial Information as of July 31, 2013. The proposed dividend is payable to all shareholders on the Register of Members on August 12, 2013. The total estimated dividend to be paid is approximately HK$22,855,000.

40. MAJOR NON-CASH TRANSACTIONS

During the year ended March 31, 2013, the jointly controlled entities are dissolved. The interests in jointly controlled entities amounted to approximately HK$8,752,000 has been offset against the amount due to jointly controlled entities.

41. CONTINGENT LIABILITIES

The Company had given unlimited corporate guarantees (unsecured) to its banks in respect of banking facilities granted to its subsidiaries. At March 31, 2011, 2012 and 2013 and July 31, 2013, the aggregate banking facilities granted to the subsidiaries were approximately HK$1,256,083,000, HK$1,413,255,000, HK$1,395,835,000 and HK$1,330,052,000, respectively, of which HK$792,100,000, HK$535,126,000, HK$604,359,000 and HK$654,527,000, respectively, was utilised and guaranteed by the Company.

At March 31, 2011, 2012 and 2013 and July 31, 2013, the Company had also given unlimited guarantees to certain suppliers in relation to the subsidiaries' settlement of the respective payables. The aggregate amounts payable to these suppliers under guarantee were approximately HK$165,082,000, HK$125,842,000, HK$174,773,000 and HK$137,928,000, respectively.

At March 31, 2013 and July 31, 2013, the Company had given corporate guarantees (unsecured) of approximately HK$78,645,000 and HK$114,567,000, respectively, to its banks in respect of banking facilities granted to its associates, of which HK$nil and HK$19,027,000 banking facilities have been utilised by its associates, respectively.

As at March 31, 2011, 2012 and 2013 and July 31, 2013, an amount of HK$nil, HK$nil, HK$nil and HK$428,000, respectively, has been recognised in the consolidated statement of financial position of the Group and the statement of financial position of the Company as liabilities.

The movement of guarantee liabilities are shown as below:

	HK$'000
At April 1, 2010, March 31, 2011, 2012 and 2013	—
Recognition of fair values of financial guarantee contracts at initial recognition	528
Amortisation of financial liabilities	(100)
At July 31, 2013	428

Financial guarantee contracts are initially recognised at fair value and calculated by using the default risk method for the banking facilities obtained by the associates. The fair values were based on certain key assumptions on credit strength of the borrowers and default rate. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

42. COMMITMENTS

At the end of the reporting period, the commitments of the Group are as follows:

(a) Operating lease commitments:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Minimum lease payments under operating leases included in the profit or loss	13,193	12,535	12,756	4,123

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	7,535	9,212	8,771	7,986
In the second to fifth year inclusive	1,615	11,380	5,481	3,327
	9,150	20,592	14,252	11,313

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

(b) Estimated capital expenditure commitments:

	THE GROUP			
	At March 31,			At July 31,
	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	5,177	172	—	—

43. RETIREMENT BENEFITS PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

Employees in Taiwan may choose a scheme where the rate of contribution by an employer should not be less than 6% of the employees' monthly salaries and the employees may also voluntarily contribute up to 6% of the monthly salaries to the provision fund account under the Labor Pension Act of Taiwan.

For the three years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013, the total cost charged to income of approximately HK$11,384,000, HK$13,817,000, HK$14,854,000 and HK$5,256,000, respectively, represents contributions payable to these schemes by the Group.

44. SEGMENT INFORMATION

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

The Group's reportable segments are as follows:

(a) Trading of electronic components

- Southern China Region
- Northern China Region
- Taiwan

(b) Trading and designing integrated circuits

Year ended March 31, 2011

	Trading of electronic components						
	Southern China Region	Northern China Region	Taiwan	Sub-total	Trading and designing integrated circuits	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue							
Sales - external	2,526,349	1,159,348	73,221	3,758,918	38,202	—	3,797,120
Sales - inter-company	476,197	276,073	13,475	765,745	37,573	(803,318)	—
Net sales	3,002,546	1,435,421	86,696	4,524,663	75,775	(803,318)	3,797,120
Cost of sales	2,762,872	1,335,364	79,692	4,177,928	37,416	(803,900)	3,411,444
Gross profit	239,674	100,057	7,004	346,735	38,359	582	385,676
Segment result	88,515	23,457	(1,256)	110,716	4,629	582	115,927
Release of exchange difference upon dissolution of overseas operations							(7)
Unallocated other revenue							126
Unallocated corporate expenses							(5,980)
Share of loss of jointly controlled entities							(22)
Profit before tax							110,044
Income tax expense							(22,209)
Profit for the year							87,835
Non-controlling interests							(1,825)
Profit attributable to owners of the Company							86,010

Year ended March 31, 2012

	Trading of electronic components						
	Southern China Region	Northern China Region	Taiwan	Sub-total	Trading and designing integrated circuits	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue							
Sales - external	2,159,340	994,488	84,049	3,237,877	24,209	—	3,262,086
Sales - inter-company	391,929	271,114	23,668	686,711	33,762	(720,473)	—
Net sales	2,551,269	1,265,602	107,717	3,924,588	57,971	(720,473)	3,262,086
Cost of sales	2,363,283	1,188,347	98,525	3,650,155	28,824	(719,578)	2,959,401
Gross profit	187,986	77,255	9,192	274,433	29,147	(895)	302,685
Segment result	54,070	10,807	117	64,994	(4,324)	(895)	59,775
Release of exchange difference upon dissolution of overseas operations							209
Unallocated other revenue							129
Unallocated corporate expenses							(4,207)
Share of loss of jointly controlled entities							(21)
Profit before tax							55,885
Income tax expense							(13,132)
Profit for the year							42,753
Non-controlling interests							1,765
Profit attributable to owners of the Company							44,518

Year ended March 31, 2013

	Trading of electronic components						
	Southern China Region	Northern China Region	Taiwan	Sub-total	Trading and designing integrated circuits	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue							
Sales - external	1,951,577	1,079,915	104,696	3,136,188	21,409	—	3,157,597
Sales - inter-company	421,403	205,897	27,530	654,830	32,544	(687,374)	—
Net sales	2,372,980	1,285,812	132,226	3,791,018	53,953	(687,374)	3,157,597
Cost of sales	2,192,319	1,195,670	118,780	3,506,769	29,777	(684,606)	2,851,940
Gross profit	180,661	90,142	13,446	284,249	24,176	(2,768)	305,657
Segment result	47,455	17,378	4,914	69,747	(8,510)	(2,768)	58,469
Unallocated other revenue							527
Unallocated corporate expenses							(5,361)
Share of profit of associates							808
Profit before tax							54,443
Income tax expense							(13,144)
Profit for the year							41,299
Non-controlling interests							4,539
Profit attributable to owners of the Company							45,838

Four months ended July 31, 2012 (unaudited)

	Trading of electronic components						
	Southern China Region	Northern China Region	Taiwan	Sub-total	Trading and designing integrated circuits	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue							
Sales - external	714,268	353,441	28,162	1,095,871	9,892	—	1,105,763
Sales - inter-company	137,568	80,443	15,098	233,109	14,080	(247,189)	—
Net sales	851,836	433,884	43,260	1,328,980	23,972	(247,189)	1,105,763
Cost of sales	784,784	407,740	39,442	1,231,966	12,099	(246,778)	997,287
Gross profit	67,052	26,144	3,818	97,014	11,873	(411)	108,476
Segment result	22,966	(554)	647	23,059	62	(411)	22,710
Unallocated other revenue							28
Unallocated corporate expenses							(3,121)
Share of profit of associates							—
Profit before tax							19,617
Income tax expense							(4,468)
Profit for the period							15,149
Non-controlling interests							(26)
Profit attributable to owners of the Company							15,123

Four months ended July 31, 2013

	Trading of electronic components						
	Southern China Region	Northern China Region	Taiwan	Sub-total	Trading and designing integrated circuits	Elimination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue							
Sales - external	669,466	377,484	23,348	1,070,298	6,268	—	1,076,566
Sales - inter-company	123,337	82,147	4,906	210,390	13,771	(224,161)	—
Net sales	792,803	459,631	28,254	1,280,688	20,039	(224,161)	1,076,566
Cost of sales	727,846	417,625	25,068	1,170,539	13,657	(225,898)	958,298
Gross profit	64,957	42,006	3,186	110,149	6,382	1,737	118,268
Segment result	15,409	18,110	(1,222)	32,297	(4,256)	1,737	29,778
Unallocated other revenue							428
Unallocated corporate expenses							(2,352)
Listing expenses							(10,253)
Share of profit of associates							2,742
Profit before tax							20,343
Income tax expense							(6,362)
Profit for the period							13,981
Non-controlling interests							1,013
Profit attributable to owners of the Company							14,994

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration cost, other revenue, share of loss of jointly controlled entities, listing expenses, share of profit of associates and release of exchange difference upon dissolution of overseas operations. This is the measure reported to the chief operating decision makers for the purpose of resources allocation and performance assessment.

The Group's chief operating decision maker is of the opinion that the presentation of assets and liabilities in accordance with the reportable segments is not meaningful as the management can monitor the Group's assets and liabilities in one pool which is more efficient and effective.

Information about major customers

No single external customer amounts to more than 10% of the Group's revenue for each of the reporting period.

Geographical information

The Group's operations are located in the PRC (countries of domicile) and Taiwan.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers					Non-current assets			
	Year ended March 31,			Four months ended July 31,		At March 31,			At July 31,
	2011	2012	2013	2012	2013	2011	2012	2013	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(unaudited)					
The PRC	3,723,899	3,178,037	3,052,901	1,077,601	1,053,218	166,667	173,940	164,046	163,502
Taiwan	73,221	84,049	104,696	28,162	23,348	686	741	534	488
	3,797,120	3,262,086	3,157,597	1,105,763	1,076,566	167,353	174,681	164,580	163,990

Note: Non-current assets excluded available-for-sale investments, derivative financial instruments, interests in jointly controlled entities and associates and deferred tax assets.

B. DIRECTORS' REMUNERATION

Saved as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Track Record Period. Under the arrangements presently in force, the aggregate remuneration excluding bonus payable, if any, of the Company's directors for the year ending March 31, 2014 is approximately be HK$12,104,000.

C. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to July 31, 2013.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this Listing Document, in respect of the unaudited interim condensed consolidated financial statements of the Group.

Deloitte.
德勤

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the unaudited interim condensed consolidated financial statements of Willas-Array Electronics (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages II-3 to II-20, which comprise the condensed consolidated statement of financial position as of September 30, 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements of the Group in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 29, 2013

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

	NOTES	For the six months ended September 30, 2013	2012
		HK$'000 (Unaudited)	HK$'000 (Unaudited)
Revenue	4	1,628,996	1,667,356
Cost of sales		(1,454,907)	(1,506,030)
Gross profit		174,089	161,326
Other operating income		2,129	2,034
Distribution costs		(21,666)	(11,321)
Administrative expenses		(108,537)	(109,405)
Listing expenses		(13,108)	—
Share of profit of associates		5,285	—
Amortisation of financial guarantee liabilities	18	597	—
Other gains and losses		(403)	(6,027)
Finance costs		(7,936)	(7,583)
Profit before tax		30,450	29,024
Income tax expense	8	(9,044)	(7,284)
Profit for the period	5	21,406	21,740
Other comprehensive income (expense) for the period:			
Items that maybe reclassified subsequently to profit/loss:			
Exchange differences on translation of overseas operations		3,855	(2,256)
Total comprehensive income for the period		25,261	19,484
Profit for the period attributable to:			
Owners of the Company		23,595	22,425
Non-controlling interests		(2,189)	(685)
		21,406	21,740
Total comprehensive income for the period attributable to:			
Owners of the Company		27,443	20,169
Non-controlling interests		(2,182)	(685)
		25,261	19,484
Earnings per share	17		
- Basic (HK cents)		6.33	6.02
- Diluted (HK cents)		6.23	5.93

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

	NOTES	As at September 30, 2013	As at March 31, 2013
		HK$'000 (Unaudited)	HK$'000 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		380,838	390,395
Restricted bank deposits		7,296	7,161
Trade and bills receivables	9	601,608	503,125
Other receivables and prepayments		10,467	11,318
Prepaid lease payments - current		12	12
Income tax recoverable		—	62
Derivative financial instruments	3	—	136
Inventories		455,593	353,561
Total current assets		1,455,814	1,265,770
Non-current assets			
Prepaid lease payments - non-current		612	619
Property, plant and equipment	10	160,494	162,278
Long-term deposits		1,603	1,683
Goodwill		—	—
Available-for-sale investments		2,001	2,001
Other intangible assets		—	—
Interests in associates		56,120	49,809
Deferred tax assets	14	1,812	259
Total non-current assets		222,642	216,649
Total assets		1,678,456	1,482,419
LIABILITIES AND EQUITY			
Current liabilities			
Trust receipt loans	11	580,209	421,473
Trade and bills payables	12	339,117	295,400
Other payables	12	46,284	38,226
Income tax payable		10,766	4,548
Derivative financial instruments	3	1,655	—
Financial guarantee liabilities	18	353	—
Bank borrowings	13	145,300	168,300
Total current liabilities		1,123,684	927,947
Non-current liabilities			
Derivative financial instruments	3	—	2,389
Deferred tax liabilities	14	2,894	2,611
Total non-current liabilities		2,894	5,000
Capital, reserves and non-controlling interests			
Issued capital	15	74,544	74,544
Capital reserves		195,777	196,500
Other reserves		282,488	277,177
Equity attributable to owners of the Company		552,809	548,221
Non-controlling interests		(931)	1,251
Total equity		551,878	549,472
Total liabilities and equity		1,678,456	1,482,419
Net current assets		332,130	337,823
Total assets less current liabilities		554,772	554,472

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

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

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

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

	For the six months ended September 30,	
	2013	2012
	HK$'000 (Unaudited)	HK$'000 (Unaudited)
Operating activities:		
Profit before tax	30,450	29,024
Adjustments for:		
Depreciation expense	5,835	6,164
Amortisation of prepaid lease payments	6	6
Interest expense	7,936	7,583
(Reversal of) allowance for inventories	(4,318)	3,810
Allowance for doubtful trade receivables	6,559	2,871
Gain on disposal of property, plant and equipment	—	(1)
Net gain on fair value changes of derivative financial instruments	(598)	(836)
Share of profit of associates	(5,285)	—
Amortisation of financial guarantee liabilities	(597)	—
Interest income	(774)	(1,660)
Operating cash flows before movements in working capital	39,214	46,961
Increase in trade and bills receivables	(101,861)	(74,434)
Decrease (increase) in other receivables and prepayments	875	(247)
Increase in inventories	(96,804)	(74,222)
Increase in trade and bills payables	43,220	1,959
Increase in other payables	7,469	3,138
Decrease (increase) in long-term deposits	83	(376)
Cash used in operations	(107,804)	(97,221)
Income tax paid	(4,039)	(2,584)
Interest paid	(7,513)	(7,583)
Interest received	774	1,660
Net cash used in operating activities	(118,582)	(105,728)
Investing activities:		
Purchase of property, plant and equipment	(1,450)	(1,446)
Placement of restricted bank deposits	(135)	—
Withdrawal of restricted bank deposits	—	20,183
Proceeds from disposal of property, plant and equipment	—	1
Net cash (used in) from investing activities	(1,585)	18,738
Financing activities:		
Dividend paid to shareholders	(22,855)	(29,499)
Repayment of trust receipt loans	(755,673)	(623,513)
Proceeds from trust receipt loans	914,409	888,717
Repayment of bank borrowings	(73,000)	(74,299)
Proceeds from bank borrowings	50,000	24,416
Net cash from financing activities	112,881	185,822
Net (decrease) increase in cash and cash equivalents	(7,286)	98,832
Cash and cash equivalents at beginning of period	390,395	333,258
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,271)	808
Cash and cash equivalents at end of period	380,838	432,898

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

1. BASIS OF PREPARATION

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

Significant accounting policies

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

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

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	09.30.2013	03.31.2013				
1) Foreign currency forward contracts	Liabilities — HK$74,000	Assets — HK$136,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Interest rate swaps	Liabilities — HK$1,581,000	Liabilities — HK$2,389,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

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

Fair value measurements and valuation process

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

4. SEGMENT INFORMATION

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

The Group's reportable segments are as follows:

(a) Trading of electronic components

- Southern China Region
- Northern China Region
- Taiwan

(b) Trading and designing integrated circuits

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

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

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

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

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

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

5. PROFIT BEFORE TAX

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

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

Notes:

(i) During the six months ended September 30, 2012 and 2013, there are cost of defined contribution plans amounting to HK$7,318,000 and HK$7,885,000, respectively, included in staff costs and directors' remuneration.

(ii) During the six months ended September 30, 2013, there is a reversal of allowance for inventories of approximately HK$4,318,000 recognised because of subsequent return of the relevant inventories.

6. RELATED COMPANY TRANSACTIONS

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

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

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

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

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

Note:

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

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

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

7. OTHER RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

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

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

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

8. INCOME TAX EXPENSE

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

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

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

9. TRADE AND BILLS RECEIVABLES

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

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

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT

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

11. TRUST RECEIPT LOANS

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

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

12. TRADE AND BILLS PAYABLES/OTHER PAYABLES

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

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

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

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

13. BANK BORROWINGS

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

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

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

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

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

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

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

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

14. DEFERRED TAXATION

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

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

Under the new enterprise income tax law in the PRC and implementation regulations issued by the State Council, withholding tax at 10% or a lower treaty rate is imposed on dividends declared in respect of profits earned by the PRC subsidiary from January 1, 2008 onwards. As at March 31, 2013 and September 30, 2013, the Group recorded a deferred tax liability of HK$2,579,000 and HK$2,894,000, respectively, in respect of these undistributed earnings.

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

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

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

15. SHARE CAPITAL

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

16. DIVIDENDS

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

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

17. EARNINGS PER SHARE

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

	For the six months ended September 30,	
	2013	**2012**
	HK$'000	**HK$'000**
	(Unaudited)	**(Unaudited)**
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company) ..	23,595	22,425

	For the six months ended September 30,	
	2013	2012
	'000 (Unaudited)	'000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	372,720	372,720
Effect of dilutive potential ordinary shares:		
Options	6,165	5,611
Weighted average number of ordinary shares for the purpose of diluted earnings per share	378,885	378,331

18. CONTINGENT LIABILITIES

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

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

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

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

19. CAPITAL COMMITMENTS

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

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Listing Document received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interests in Hong Kong and the PRC as at September 30, 2013.



DTZ
16/F, Jardine House
1 Connaught Place
Central
Hong Kong
www.dtz.com

November 29, 2013

The Directors
Willas-Array Electronics (Holdings) Limited
24/F, Wyler Centre, Phase 2,
192-200 Tai Lin Pai Road,
Kwai Chung,
New Territories,
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by **Willas-Array Electronics (Holdings) Limited** (the "Company") or its subsidiaries (hereinafter together referred to as "the Group") in Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of those property interests as at September 30, 2013 (the "date of valuation").

These property interests include properties which of total capital value comprise a substantial portion of the value of the total assets. Therefore, the Group considered that property valuations of these properties is also regarded as important information to be disclosed.

Our valuation of each of the property interests represents the market value which in accordance with the HKIS Valuation Standards (2012 Edition) of the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Our valuation of each of the property interests excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In valuing the property interests in Groups I and II which are respectively held and occupied by the Group in Hong Kong and the PRC, we have valued such property interests by Direct Comparison Approach assuming sale of the properties in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

In valuing the property interests in Hong Kong of which the Government Leases expired before June 30, 1997, we have taken into account the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the PRC on the Question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance stipulating that such leases have been extended without premium until June 30, 2047 and a rent of 3% of the rateable value is charged per annum for such property interests from the date of extension.

Unless otherwise stated, in the course of our valuation of every individual property interest situated in the PRC, we have assumed that transferable land use rights in respect of the property interest for a specific term at nominal annual land use fees have been granted and that, any premium payable have already been fully settled. We have also assumed that the grantees or the users of the property interest have free and uninterrupted rights to use or to assign the property interest for the whole of the unexpired terms as granted. We have relied on the advice given by the Group and the Group's legal advisers Haiwen & Partners on PRC law, regarding the title to the property interests and the Group interests in the properties in the PRC.

We have relied to a very considerable extent on the information given by the Group and its legal advisers on PRC law. We have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of property interest, particulars of occupancy, site and floor plans, site and floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. We have not carried out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents provided to us are correct. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which are material to the valuations. We were also advised by the Group that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. The site inspections were carried out in April, May and September 2013 by Ms. Amy HO (MHKIS), Mr. Eric FAN (Qualified Real Estate Appraiser of China) and Ms. LIANG Zhen Hua (Qualified Real Estate Appraiser of China). However, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or other structural defects.

No test was carried out on any of the services and we have not carried out any environmental impact assessment. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for the existing developments or any future development. Our valuations are prepared on the assumption that all these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Unless otherwise stated, all money amounts indicated herein are in Hong Kong Dollars ("HKD") for the property interest in Hong Kong and Renminbi ("RMB") for the property interests in the PRC.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K. F. Chan
Registered Professional Surveyor
(General Practice Division)
China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S
Senior Director

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 26 years of experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at September 30, 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at September 30, 2013
Group I — Property interest held and occupied by the Group in Hong Kong				
1.	24th Floor and Parking Spaces Nos. P16, P23 and P42 on 2nd Floor, Wyler Centre Phase II (also known as Wyler Centre 2), 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong	HKD60,000,000	100%	HKD60,000,000
			Total of Group I:	**HKD60,000,000**
Group II — Property interests held and occupied by the Group in the PRC				
2.	33rd Floor, International Corporate City, 3000 Zhongshan North Road, Putuo District, Shanghai, The People's Republic of China	RMB73,000,000	100%	RMB73,000,000
3.	Unit H on Level 6 and Car Parking Space No. 108 on Basement Level 1, Maple Court, Shang-Mira Garden, No. 11 of Alley 1720, Hongqiao Road, Changning District, Shanghai, The People's Republic of China	RMB4,360,000	100%	RMB4,360,000
4.	14th Floor, Jinyun Century Building, Southeast Juncture of Shennanzhong Road and Guangshen Highway, Futian District, Shenzhen, Guangdong Province, The People's Republic of China	RMB69,100,000	100%	RMB69,100,000
			Total of Group II:	**RMB146,460,000**

VALUATION CERTIFICATE

Group I — Property interest held and occupied by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at September 30, 2013
1.	24th Floor and Parking Spaces Nos. P16, P23 and P42 on 2nd Floor, Wyler Centre Phase II (also known as Wyler Centre 2), 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong 191/11152nd shares of and in the Remaining Portion of Kwai Chung Town Lot No. 130 and the Extension thereto	The property comprises the whole 24th floor and three car parking spaces on the 2nd Floor of a 31-storey (plus a basement) industrial building completed in 1989. The property has a gross floor area of approximately 2,379.97 sq.m. (25,618 sq.ft.), excluding the area of car parking spaces. The property is held from the Government under New Grant No. 4694 for a term of 99 years from July 1, 1898 which has been statutorily extended until June 30, 2047. The current Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.	As at the date of valuation, a majority of the property was occupied by the Group as warehouse and other ancillary uses while the remaining floor area was being used for ancillary office and car parking space.	HKD60,000,000 (100% interest attributable to the Group HKD60,000,000)

Notes:

(1) The registered owner of the 24th Floor, Parking Space Nos. P16 and P23 on 2nd Floor, Wyler Centre Phase II is Willas-Array Electronics (Hong Kong) Limited. The registered owner of Parking Space No. P42 on 2nd Floor, Wyler Centre II is Willas-Array Electronics Management Limited.

(2) The property is zoned for "Other Specified Uses (Business)" under Kwai Chung Outline Zoning Plan No. S/KC/26.

VALUATION CERTIFICATE

Group II Property interests held and occupied by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at September 30, 2013
2.	33rd Floor, International Corporate City, 3000 Zhongshan North Road, Putuo District, Shanghai, The People's Republic of China	The property comprises the whole of 33rd floor (Unit Nos. 3301 to 3309) of a 44-storey (plus three levels of car parking basement) office building completed in 2009. The property has a total gross floor area of approximately 1,775.21 sq.m. (19,108 sq.ft.). The land use rights of the property have been granted for a term from July 30, 2004 to July 29, 2054 for commercial composite uses.	As at the date of valuation, the property was occupied by the Group as an office.	RMB73,000,000 (100% interest attributable to the Group RMB73,000,000)

Notes:

(1) According to eight Shanghai Real Estate Title Certificates (上海市房地產權證) all issued by Shanghai Housing Security & Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning, Land & Resources Administration Bureau (上海市規劃和國土資源管理局), the real estate title of the property comprising a total gross floor area of 1,775.21 sq.m. has been vested in Willas-Array Electronics (Shanghai) Limited (威雅利電子(上海)有限公司) for a land use term from July 30, 2004 to July 29, 2054 for commercial composite uses. Details of the said certificates are, inter alia, cited as follows:

Certificate No.	Date of Issue	Unit No.	Use	Gross Floor Area
滬房地普字(2010)第020665號	August 9, 2010	3301	Office	354.62 sq.m.
滬房地普字(2010)第020657號	August 9, 2010	3302	Office	281.11 sq.m.
滬房地普字(2010)第020938號	August 11, 2010	3303	Office	113.52 sq.m.
		3309	Other(Storage)	49.80 sq.m.
滬房地普字(2010)第020658號	August 9, 2010	3304	Office	113.52 sq.m.
滬房地普字(2010)第020659號	August 9, 2010	3305	Office	354.63 sq.m.
滬房地普字(2010)第020660號	August 9, 2010	3306	Office	280.97 sq.m.
滬房地普字(2010)第020661號	August 9, 2010	3307	Office	113.52 sq.m.
滬房地普字(2010)第020698號	August 9, 2010	3308	Office	113.52 sq.m.
			Total:	**1,775.21 sq.m.**

(2) According to Business Licence (營業執照) No. 0969911 (Registration No. 310115400091677(浦東)) dated May 19, 2010, Willas-Array Electronics (Shanghai) Limited (威雅利電子(上海)有限公司) was incorporated as a limited liability company with a registered capital of USD7,000,000 for a valid operation period from March 19, 2002 to March 18, 2022.

(3) According to the Company, the Group holds 100% attributable interest in the property.

(4) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:

(i) Willas-Array Electronics (Shanghai) Limited (威雅利電子(上海)有限公司) is in the possession of a proper legal title to the property and has the rights to use, lease, mortgage or dispose of the property.

(ii) As far as the PRC legal advisor is aware of, the property is clear of any covenant term condition or restriction of any unduly onerous or unusual nature and free from encumbrance.

(5) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Real Estate Title Certificate..... Yes
Business Licence..... Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at September 30, 2013
3.	Unit H on Level 6 and Car Parking Space No.108 on Basement Level 1, Maple Court, Shang-Mira Garden, No. 11 of Alley 1720, Hongqiao Road, Changning District, Shanghai, The People's Republic of China	The property comprises a residential unit on level 6 and a car parking space on the basement level of a 18-storey (plus a single level of car parking basement) residential building completed in 1996. The property has respective gross floor area of approximately 130.88 sq.m. (1,409 sq.ft.) and 31.91 sq.m. (343 sq.ft.) for the residential unit and the car parking space. The land use rights of the property have been granted for a term from July 19, 2002 to February 28, 2063 for residential and car parking uses.	As at the date of valuation, the property was occupied by the Group as staff quarters and car parking space.	RMB4,360,000 (100% interest attributable to the Group RMB4,360,000)

Notes:

(1) According to Shanghai Real Estate Title Certificate (上海市房地產權證) No. 滬房地市字(2002) 第009352號issued by Shanghai Housing and Land Administration Bureau (上海市房屋土地管理局) on September 16, 2002, the real estate title of the property comprising respective gross floor area of 130.88 sq.m. and 31.91 sq.m. for the residential unit and the car parking space has been vested in Joy Port Limited (欣港有限公司) for a land use term from July 19, 2002 to February 28, 2063 for residential and car parking uses. Details of the said certificates are, inter alia, cited as follows:-

Property	Apportioned Site Area	Gross Floor Area
Unit H on Level 6	34.90 sq.m.	130.88 sq.m.
Car Parking Space No.108 on Basement Level 1,	5.92 sq.m.	31.91 sq.m.
Total:	40.82 sq.m.	162.79 sq.m.

(2) According to the Company, the Group holds 100% attributable interest in the property.

(3) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:

(i) Joy Port Limited (欣港有限公司) is in the possession of a proper legal title to the property and has the rights to use, lease, mortgage or dispose of the property.

(ii) As far as the PRC legal advisor is aware of, the property is clear of any covenant term condition or restriction of any unduly onerous or unusual nature and free from encumbrance.

(4) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Real Estate Title Certificate..... Yes
Business Licence..... N/A

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at September 30, 2013
4.	14th Floor, Jinyun Century Building, Southeast Juncture of Shennanzhong Road and Guangshen Highway, Futian District, Shenzhen, Guangdong Province, The People's Republic of China	The property comprises the whole of 14th floor (Units 14A to 14L) of a 26-storey (plus 2 levels of car parking basement) commercial office composite building completed in 2008. The property has a total gross floor area of approximately 1,852.90 sq.m. (19,945 sq.ft.). The land use rights of the property have been granted for a term from February 28, 1997 to February 27, 2047 for commercial and office uses.	As at the date of valuation, the property was occupied by the Group as an office.	RMB69,100,000 (100% interest attributable to the Group RMB69,100,000)

Notes:

(1) According to twelve Real Estate Title Certificates (房地產證) all issued by The People's Government of Shenzhen (深圳市人民政府), the real estate title of the property comprising a total gross floor area of 1,852.90 sq.m. has been vested in Willas-Array Electronics (Shenzhen) Limited (威雅利電子(深圳)有限公司) for a land use term from February 28, 1997 to February 27, 2047 for commercial and office uses. Details of the said certificates are, inter alia, cited as follows:-

Certificate No.	Unit No.	Use	Gross Floor Area
深房地字第3000606648號	14A	Office	189.87 sq.m.
深房地字第3000606763號	14B	Office	137.78 sq.m.
深房地字第3000606848號	14C	Office	137.78 sq.m.
深房地字第3000606850號	14D	Office	137.78 sq.m.
深房地字第3000606656號	14E	Office	137.78 sq.m.
深房地字第3000606775號	14F	Office	189.87 sq.m.
深房地字第3000606762號	14G	Office	170.04 sq.m.
深房地字第3000606720號	14H	Office	136.85 sq.m.
深房地字第3000606768號	14I	Office	149.22 sq.m.
深房地字第3000606849號	14J	Office	147.54 sq.m.
深房地字第3000606651號	14K	Office	147.54 sq.m.
深房地字第3000606776號	14L	Office	170.85 sq.m.
		Total:	**1,852.90 sq.m.**

(2) According to Business Licence (營業執照) No. 1062053 (Registration No. 440301503303634) dated October 16, 2009, Willas-Array Electronics (Shenzhen) Limited (威雅利電子(深圳)有限公司) was incorporated as a limited liability company with a registered capital of USD5,500,000 for a valid operation period from July 25, 2003 to July 25, 2033.

(3) According to the Company, the Group holds 100% attributable interest in the property.

(4) We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:

(i) Willas-Array Electronics (Shenzhen) Limited (威雅利電子(深圳)有限公司) is in the possession of a proper legal title to the property and has the rights to use, lease, mortgage or dispose of the property.

(ii) As far as the PRC legal advisor is aware of, the property is clear of any covenant term condition or restriction of any unduly onerous or unusual nature and free from encumbrance.

(5) In accordance with the PRC legal opinion and the information provided by the Group, the status of title and grant of major approvals and licenses are as follows:

Real Estate Title Certificate..... Yes
Business Licence..... Yes

1. MEMORANDUM OF ASSOCIATION

The Memorandum of Association states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the shares held by the members and that our Company is an exempted company as defined in the Bermuda Act. The Memorandum of Association also sets out the powers of our Company and the objects for which our Company was formed, including acting as a holding and investment company. As an exempted company, our Company will be carrying on business outside Bermuda from a place of business in Bermuda.

In accordance with and subject to section 42A of the Bermuda Act, the Memorandum of Association of our Company empowers it to purchase its own shares and this power is exercisable by the Board of Directors upon such terms and subject to such conditions as it thinks fit.

2. BYE-LAWS

The Bye-laws of our Company were adopted on July 30, 2013. The following is a summary of certain provisions of the Bye-laws.

a. Shares

(i) *Classes of Shares*

The share capital of our Company consists of ordinary shares.

(ii) *Share Certificates*

Every certificate for shares, warrants or debentures or representing any other form of securities of our Company shall be issued under the seal of our Company, which for this purpose may be a securities seal, or bearing the signature (or a facsimile thereof) of a Director and the secretary of our Company or, any two Directors, or a Director and a person expressly authorized to sign the share certificate or share certificates generally. The Board may by resolution determine, either generally or in any particular case, that any signatures on any such certificates need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any persons.

b. Directors

(i) *Power to allot and issue shares*

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as our Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, subject to

the Bermuda Act and with the sanction of a special resolution, be issued on the terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of our Company or, if so authorized by the Memorandum of Association of our Company, at the option of the holder. Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by our Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all shareholders alike.

The Board may, subject to the approval by the Shareholders in general meeting, issue warrants to subscribe for any class of shares or securities of our Company on such terms as the Board may from time to time determine. Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and our Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

(ii) *Power to dispose of the assets of our Company or any subsidiary*

There are no specific provisions in the Bye-laws relating to the disposal of the assets of our Company or any of our subsidiaries although the Board may exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Bye-laws or the statutes to be exercised or done by our Company in general meeting.

(iii) *Compensation or payments for loss of office*

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) *Loans to Directors*

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Bermuda Act contains restrictions on companies making loans to their directors, the relevant provisions of which are summarized in section 4(n) of this Appendix.

(v) *Financial assistance to acquire shares of our Company*

(aa) Subject, where applicable, to the rules of any relevant stock exchange, our Company may in accordance with an employees' share scheme approved by the members in general meeting provide money on such terms as the Board thinks fit for the acquisition of fully or partly paid shares in our Company or our holding company. An employees' share scheme is a scheme for encouraging or facilitating the holding of

shares or debentures in our Company by or for the benefit of the bona fide employees or former employees (including, notwithstanding section 96 of the Bermuda Act, any such bona fide employee or former employee who is or was also a Director) of our Company, our Company's subsidiary or holding company or a subsidiary of our Company's holding company, or the wives, husbands, widows, widowers or children or step-children under the age of twenty-one of such employees or former employees;

(bb) Subject, where applicable, to the rules of any relevant stock exchange, our Company, our Company's subsidiary or holding company or a subsidiary of our Company's holding company may make loans to persons (including, notwithstanding section 96 of the Bermuda Act, any such bona fide employee or former employee who is or was also a Director) employed in good faith by our Company with a view to enabling those persons to acquire fully or partly paid shares in our Company or our holding company to be held by them by way of beneficial ownership; and

(cc) The conditions subject to which money and loans are provided may include a provision to the effect that when an employee ceases to be employed by our Company, the shares acquired with such financial assistance shall or may be sold to our Company or such other company on such terms as the Board thinks fit.

(vi) *Disclosure of interests in contracts with our Company or any of our subsidiaries*

Subject to the Bermuda Act, a Director may hold any other office or place of profit with our Company (except that of auditors) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for, by or pursuant to the Bye-laws.

Subject to the provisions of the Bermuda Act, a Director may notwithstanding his office be a party to, or otherwise interested in, any transaction or arrangement with our Company or in which our Company is otherwise interested; and be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by our Company or in which our Company is interested. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. So long as, where it is necessary, he declares the nature of his interest at the first opportunity at a meeting of the Board or by writing to the Directors as required by the Bermuda Act, a Director shall not by reason of his office be accountable to our Company for any benefit which he derives from any office or employment to

which the Bye-laws allow him to be appointed or from any transaction or arrangement in which the Bye-laws allow him to be interested, and no such transaction or arrangement shall be liable to be avoided on the ground of any interest or benefit.

(vii) *Remuneration*

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by such resolution) shall be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in our Company except in the case of sums paid in respect of Directors' fees. Salaries payable to executive Directors may not include a commission or a percentage of turnover of our Company. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

(viii) *Retirement, appointment and removal*

At each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third but not greater than one-third shall retire from office by rotation provided that the managing director of our Company shall not, whilst holding such office be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. The Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

There are no provisions under the Bermuda Act relating to retirement of Directors upon reaching any age limit.

Our Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or, where a maximum number of Directors has been determined by the shareholders and the shareholders have authorized the Board to appoint additional Directors, as an additional Director. Any Director so appointed shall hold office only

until the next following annual general meeting of our Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

(ix) *Borrowing powers*

Subject to the provisions of the Bermuda Act, the Board may from time to time at its discretion exercise all the powers of our Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of our Company and to mortgage or charge our undertaking, property and uncalled capital or any part thereof.

Note: The provisions summarized above, in common with the Bye-laws in general, may be varied with the sanction of a special resolution of the Company.

(xii) Qualification shares

Directors are not required under the Bye-laws to hold any qualification shares.

c. Alterations to constitutional documents

The Memorandum of Association of our Company may, with the consent of the Minister of Finance of Bermuda (the "Minister") (if required), be altered by our Company in general meeting. The Bye-laws may be amended by the Directors subject to the approval of our Company in general meeting. The Bye-laws state that a special resolution is required to alter the Memorandum of Association, to approve any amendment of the Bye-laws or to change the name of our Company.

d. Alterations of capital

Our Company may from time to time by ordinary resolution:

(i) increase our share capital by the creation of new shares;

(ii) consolidate or divide all or any of our share capital into shares of larger amount than our existing shares; and on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interest or may be paid to our Company for our Company's benefit;

(iii) divide our shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

(iv) subdivide our shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Bermuda Act, and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares;

(v) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of our share capital by the amount of the shares so cancelled;

(vi) make provision for the issue and allotment of shares which do not carry any voting rights; and

(vii) change the currency denomination of our share capital.

Our Company may by special resolution in accordance with the Bermuda Act reduce our share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorized and subject to any conditions prescribed by law.

e. Variation of rights of existing shares or classes of shares

If at any time the capital is divided into different classes of shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Bermuda Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting (including at any adjournment thereof) the provisions of the Bye-laws relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be not less than two persons holding or representing by proxy or by corporate representative one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy or by duly authorized corporate representative may demand a poll.

f. Special resolutions - majority required

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such shareholders as, being entitled so to do, vote in person or where a corporate representative is allowed, by a duly authorized corporate representative or, where proxies are allowed, by proxy at a general meeting of which not less than twenty-one days' notice, specifying (without prejudice to the power contained in these presents to amend the same) the intention to propose the

resolution as a special resolution, has been duly given. However, in the case of an annual general meeting, if it is so agreed by a majority in number of the shareholders having a right to attend and vote at any such meeting, being a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days' notice has been given.

g. Voting rights and right to demand a poll

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required by the rules of the designated stock exchange or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by (i) the Chairman of the meeting; or (ii) at least three shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or (iii) any shareholder or shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or (iv) by any shareholder or shareholders present in person or by a duly authorized corporate representative or by proxy and holding shares in our Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or (v) where the depository or a clearing house is a shareholder, by at least three proxies representing the depository or the clearing house.

h. Requirements for annual general meetings

An annual general meeting must be held once in every year and within not more than fifteen months after the last preceding annual general meeting unless a longer period would not infringe the rules or regulations of the designated stock exchange, if any.

i. Accounts and audit

The Board shall cause proper records of account to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipts and expenditure take place; and of the property, assets, credits and liabilities of our Company and of all other matters required by the Statutes or necessary to give a true and fair view of the state of our Company's affairs and to show and explain our transactions.

The records of account shall be kept at the head office or at such other place or places as the Board thinks fit and shall always be open to the inspection of the Directors provided that such records as are required by the Bermuda Act shall also be kept at the registered office. No shareholder (not being a Director) or other person shall have any right of inspecting any account or book or document of our Company except as conferred by the Bermuda Act or ordered by a court of competent jurisdiction or authorized by the Board or our Company in general meeting.

The Board shall from time to time cause to be prepared and laid before our Company at our annual general meeting such profit and loss accounts, balance sheet, group accounts (if any) and reports as are required by the Bermuda Act.

Subject to Section 88 of the Bermuda Act and the Bye-laws, every balance sheet of our Company shall be signed on behalf of the Board by two of the Directors and a copy of every balance sheet (including every document required by law to be comprised therein or annexed thereto) and profit and loss account which is to be laid before our Company at our annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one days before the date of the meeting be delivered and sent by post to every shareholder of, and every holder of debentures of, our Company and every other person entitled to receive notices of general meetings of our Company under the provisions of the Bermuda Act or the Bye-laws, provided that the Bye-laws shall not require a copy of those documents to be sent to any person of whose address our Company is not aware or to more than one of the joint holders of any shares or debentures, but any shareholder or holder of debentures to whom a copy of those documents has not been sent shall be entitled to receive a copy free of charge on application at the head office or the registration office. If all or any of the shares or debentures of our Company shall for the time being be (with the consent of our Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Bermuda Act.

j. Notices of meetings and business to be conducted thereat

At least fourteen days' notice of a general meeting shall be given to each shareholder entitled to attend and vote thereat. A general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one days' notice.

Any notice or document (including any "corporate communication" within the meaning ascribed thereto under the rules of the designated stock exchange), whether or not, to be given or issued under the Bye-laws shall be in writing, and may be served by our Company on any shareholder either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such shareholder at his registered address as appearing in the register or by delivering or leaving it at such registered address as aforesaid or (if he has no registered address within Singapore or Hong Kong) at any other address within Singapore or Hong Kong supplied by him to our Company for the purpose or, in the case of a notice, by advertisement in the newspapers or in accordance with the requirements of the designated stock exchange or by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such shareholder to our Company for such purpose, or in accordance with the Bye-laws. In the case of joint holders of a share, all notices or documents shall be given to the joint holder whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders. For such purpose, a joint holder having no registered address in Singapore or Hong Kong and not having supplied an address within Singapore or Hong Kong for the service of notices and not having notified our Company of any address or number for the purposes of communication by electronic means shall be disregarded.

k. Transfer of shares

All transfers of shares may be effected by transfer in writing in the form for the time being approved by the designated stock exchange and the Board. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the depository shall be effective although not signed or witnessed by or on behalf of the depository and provided further that when a corporation executes an instrument of transfer under seal, the affixation and attestation of the corporation's seal may be accepted as compliance with the requirements of the Bye-laws. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. Nothing in the Bye-laws shall preclude the Board from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favor of some other person.

The Board may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time stipulate, and which agreement it shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold) no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant registration office, and, in the case of any shares on the principal register, at the transfer office. Unless the Board otherwise agrees, all transfers and other documents of title shall be lodged for registration with, and registered at, the relevant registration office.

Notwithstanding anything contained in the Bye-laws, our Company shall as soon as practicable and on a regular basis record in the principal register all transfers of shares effected on any branch register and shall at all times maintain the principal register in all respects in accordance with the Bermuda Act.

l. Power for our Company to purchase our own shares

The Bye-laws give the Board the power to determine the terms and conditions subject to which this power is to be exercised.

m. Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Bye-laws relating to ownership of our Company by a subsidiary.

n. Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls shall be treated as paid on the share. The Board may retain any dividends or other moneys payable on or in respect of a share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by him to our Company on account of calls, installments or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted shall be of the same class or classes as the class or classes already held by the allottee, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted shall be of the same class or classes as the class or classes of shares already held by the allottee.

The Board may, if it thinks fit, receive from any shareholder willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the moneys so advanced our Company may pay interest at such rate (if any) not exceeding twenty per cent per annum as the Board may decide but a payment in advance of a call shall not whilst carrying interest entitle the shareholder to participate in profits, to receive any dividend or to exercise any other rights or privileges as a shareholder in respect of the share or the due portion of the shares upon which payment has been advanced by such shareholder before it is called up.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to our Company.

Our Company may exercise the power to cease sending such checks for dividend entitlements or dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, our Company may exercise the power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered.

o. Proxies

Any shareholder of our Company entitled to attend and vote at a meeting of our Company or a meeting of the holders of any class of shares in our Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by a duly authorized corporate representative or by proxy.

A shareholder who is the holder of two or more shares may appoint not more than two proxies to attend on the same occasion. A proxy need not be a shareholder. In addition, a proxy or proxies representing either a shareholder who is an individual or a shareholder which is a corporation shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise, including, the right to vote individually on a show of hands.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same or, in the case of the depository, signed by its duly authorized officer by some method or system of mechanical signature as the depository may deem appropriate. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the depository) or in such other form as the Board may from time to time approve (provided that this shall not preclude the use of the two-way form).

p. Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the shareholders in respect of any moneys unpaid on the shares held by them respectively (whether on account of the nominal value of shares or by way of premium) and not by the conditions of issue or allotment thereof made payable at a fixed time. A call may be made payable either in one sum or by installments. Fourteen days' notice at least of any call shall be given specifying the time and place of payment and to whom such call shall be paid. A copy of the notice shall be sent to shareholders in the manner in which notices may be sent to shareholders by our Company as herein provided.

The Board may from time to time at its discretion extend the time fixed for any call, and may extend such time as regards all or any of the shareholders whom due to residence outside the relevant territory or other cause the Board may deem entitled to any such extension but no shareholder shall be entitled to any such extension except as a matter of grace and favor.

If the sum payable in respect of any call or installments is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent per annum as the Board shall fix from the day appointed for the payment thereof to the time of the actual payment, but the Board may in its absolute discretion waive payment of such interest wholly or in part.

q. Inspection of register of members

There are no provisions in the Bye-laws relating to inspection of the register of members.

r. Quorum for meetings and separate class meetings

No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business. Two shareholders present in person shall form a quorum, provided that if our Company shall at any time have only one shareholder, one shareholder present in person or by proxy, or being a corporation by its representative duly authorized, shall form a quorum for the transaction of business at any general meeting of our Company held during such time.

s. Rights of the minorities in relation to fraud or oppression

There are no provisions in the Bye-laws relating to rights of minority members in relation to fraud or oppression. However, Bermuda company law provides for protection of minorities, as summarized in paragraph 4(o) of this Appendix.

t. Procedures on liquidation

A resolution that our Company be wound up by the Court or be wound up voluntarily shall be a special resolution.

If our Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the shareholders in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or ordered by the Court) the liquidator may, with the sanction of a special resolution, divide among the shareholders in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders and the shareholders within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator, with the like sanction, shall think fit, but so that no shareholder shall be compelled to accept any shares or other assets upon which there is a liability.

u. Stock

Our Company may by ordinary resolution convert any paid up shares into stock, and may from time to time by like resolution reconvert any stock into paid up shares of any denomination. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but the Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding-up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of our Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage. Such of the provisions of the Bye-laws as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

v. Untraceable members

Our Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder who is untraceable, but no such sale shall be made unless:

i) all checks or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorized by the Bye-laws of our Company have remained uncashed;

ii) so far as it is aware at the end of the relevant period, our Company has not at any time during the relevant period received any indication of the existence of the shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;

iii) our Company has caused an advertisement to be inserted in the Newspapers of our intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and

iv) our Company has notified the stock exchange in the relevant territory of our intention to effect such sale.

3. VARIATION OF MEMORANDUM OF ASSOCIATION AND BYE-LAWS

The Memorandum of Association of our Company may be altered by our Company in general meeting and if our Company intends to carry on any "restricted business activity" for the purposes of the Bermuda Act, the prior consent of the Minister of Finance of Bermuda (the "Minister") will also be required. The Bye-laws may be amended by the Board subject to the approval of our Company in

general meeting. The Bye-laws state that a special resolution shall be required to alter provisions of the Memorandum of Association, to approve any amendment of the Bye-laws or to change the name of our Company. For these purposes a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast of such members of our Company as, being entitled so to do, vote in person or, by a duly authorized corporate representative or, where permitted, by proxy at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution as a special resolution has been duly given. The requirement of 21 days' notice may be waived (a) in the case of a special general meeting, by a majority number of the members having the right to attend and vote at the relevant meeting, being a majority holding not less than 95 per cent. in nominal value of the shares giving that right; and (b) in the case of an annual general meeting, if it is so agreed by all members entitled to attend and vote thereat.

4. BERMUDIAN PROVISIONS

The summary does not purport to contain all applicable qualifications and exemptions and does not purport to be a complete review of all matters of Bermuda company law or a comparison of provisions that may differ from the laws of other jurisdictions, with which interested parties may be more familiar.

The company law of Bermuda is historically derived, for the most part, from the laws of England and is essentially embodied in the provisions of the Bermuda Act, most of which are drawn from the Companies Act 1948 of the United Kingdom, with certain reliance placed upon the laws of Ontario, Canada and, to some extent, upon the Companies Ordinance of Hong Kong. Other provisions are original Bermuda provisions endeavoring to cater to the specific circumstances of international business in Bermuda; these relate specifically to concepts not recognized in other jurisdictions (e.g. exempted as opposed to local companies) and contain particular emphasis on the restrictions imposed upon exempted companies with regard to what they may do in Bermuda as opposed to outside Bermuda from a place of business in Bermuda. The common law of England and Wales constitutes persuasive precedent and authority in the Bermuda courts.

a. Incorporation

Our Company was incorporated by registration pursuant to the provisions of the Bermuda Act on August 3, 2000. Our Company was brought into existence by depositing the Memorandum of Association with the Bermuda Principal Registrar.

b. Constituent Documents

The business activities of our Company will be governed by the provisions of its Memorandum of Association that sets out, in detail, its specific business objects, and the powers that may be exercised in support of its principal business objects. Bermuda law distinguishes between objects and powers, the latter of which are regarded as supplemental to the principal business objects of our Company.

The Bermuda Act provides that the objects set out in the different paragraphs of the objects clause in the Memorandum of Association or included therein by reference shall not, unless otherwise stated, be limited or restricted in any way by reference to or inference from the terms of any other paragraph in the Memorandum of Association and such objects may be carried out in as full and ample a manner and construed in such a manner as if each paragraph defined the objects of a separate and independent company and each is construed as a primary object.

The Memorandum of Association may be altered under the provisions of the Bermuda Act and which alteration must also conform to Bermuda policy. It is required that the consent of the members of our Company in general meeting be given, following due notice of the intention of the meeting, before a Memorandum of Association may be altered. It is required that following the passage of a resolution of the members in general meeting approving the alteration, certain filings be made with the Bermuda Principal Registrar. Prior to taking formal steps in relation to the alteration of the Memorandum of Association, it will be necessary to obtain the Minister's consent if our Company carries on any "restricted business activity" within the definition of section 4A of the Bermuda Act.

The Bye-laws will govern our Company's administration and the relationship between its members and the Board of Directors. The Bye-laws are required, by section 13 of the Bermuda Act, to make provision for a certain limited number of matters. It furthermore provides that certain additional matters may be included in the Bye-laws for the better regulation of our Company.

The members of our Company are entitled to receive copies of the Memorandum of Association and its Bye-laws upon request, which obligation is established by the provisions of the Bermuda Act. The Bermuda Act provides that all persons who agree to become members of our Company shall upon entry on the register of members, which shall include the branch register, be deemed to be members of our Company.

c. Taxation

In Bermuda, there are neither taxes on profits, income or dividends, nor any capital gains tax, estate duty or death duty. Profits can be accumulated and it is not obligatory for a company to pay dividends. Our Company is required to pay an annual government fee(the "Government Fee"), which is determined on a sliding scale by reference to a company's authorized share capital and share premium account, with the minimum fee being BD$1,995 and the maximum fee being BD$31,120 (the Bermuda dollar is treated at par with the U.S. dollar). The Government Fee is payable at the end of January in every year and is based on the authorized share capital and share premium account as they stood at the August 31 in the preceding year.

The Bermuda government has enacted legislation under which the Minister is authorized to give an assurance to an exempted company or a partnership that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income or computed on any capital asset, gain or appreciation, then the imposition of any such tax shall not be applicable to such entities or any of their operations. In addition, there may be included an assurance that any such tax or any tax in the nature of estate duty or inheritance tax, shall not be applicable to the shares, debentures or other obligations of such entities. This assurance has been obtained by our Company for a period ending March 31, 2035.

d. Stamp Duty

The law relating to stamp duties has been fundamentally changed as a result of the enactment of certain legislation that came into force on April 1, 1990. Stamp duty is no longer chargeable in respect of the incorporation, registration or licensing of an exempted company, nor, subject to certain minor exceptions, on their transactions. Accordingly, no stamp duty will be payable on the increase in or the issue or transfer of the share capital of our Company.

e. Exchange Control

Although incorporated in Bermuda, our Company has been classified as non-resident in Bermuda for exchange control purposes by the BMA. Accordingly, our Company may convert currency (other than Bermudian currency) held for its account to any other currency without restriction.

Persons, firms or companies regarded as residents of Bermuda for exchange control purposes require specific consent under the Exchange Control Act 1972 of Bermuda, and regulations thereunder, to purchase or sell shares or warrants of our Company that are regarded as foreign currency securities by the BMA. Pursuant to Part I paragraph 1 of the public notice issued by the BMA on June 1, 2005 (the "BMA Notice"), where any equity securities of a Bermuda company are listed on an Appointed Stock Exchange (as defined in the BMA Notice, which includes The Stock Exchange of Hong Kong Limited), general permission is given for the issue and subsequent transfer of any securities of the company from and/or to a non-resident of Bermuda, for as long as any equity securities of the company remain so listed.

In granting such permission, the BMA accepts no responsibility for the financial soundness of any proposals or for the correctness of any statements made or opinions expressed in this Listing Document with regard to them.

f. Share Capital

The Bermuda Act provides that where a company issues shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "the share premium account" and the provisions of the Bermuda Act relating to a reduction of share capital of a company shall, except as provided in section 40 of the Bermuda Act, apply as if the share premium account were paid up share capital of the company. An exception is made to this rule in the case of an exchange of shares where the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company. Contributed surplus is a North American concept recognized under the generally accepted accounting principles of the Canadian Institute of Chartered Accountants, which accounting principles are applied in Bermuda.

The Bermuda Act permits a company to issue preference shares and under certain circumstances to convert those preference shares into redeemable preference shares.

g. Alteration of Share Capital

Our Company may, if authorized by a general meeting of our Shareholders and by our Bye-laws, alter the conditions of its Memorandum of Association to increase our share capital, divide our shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions, consolidate and divide all or any of our share capital into shares of a larger amount than its existing shares, subdivide our shares or any of them into shares of a smaller amount than is fixed by the Memorandum of Association, make provision for the issue and allotment of shares that do not carry any voting rights, cancel shares that have not been taken or agreed to be taken by any person, diminish the amount of its share capital by the amount of the shares so cancelled and change the currency denomination of its share capital. With the exception of an increase of capital, cancellation of shares and redenomination of currency of capital, there are no filing requirements for any of the above-mentioned alterations.

Furthermore, our Company may, if authorized by a general meeting of our Shareholders, reduce our share capital. There are certain requirements, including a requirement prior to the reduction to publish a notice in an appointed newspaper stating the amount of the share capital as last determined by our Company, the amount to which the share capital is to be reduced and the date on which the reduction is to have effect. The Bermuda Act provides that our Company shall not reduce the amount of our share capital if on the date the reduction is to be effected, there are reasonable grounds for believing that our Company is, and after the reduction would be, unable to pay our liabilities as they become due.

The Bermuda Act includes certain protections for holders of special classes of shares requiring their consent to be obtained before their rights may be varied.

The Bermuda Act requires that as soon as practicable after the allotment of any of its shares a company must complete and have ready for delivery share certificates in relation to those shares allotted unless the conditions of issue of the shares otherwise provide. A certificate under the common seal of the company shall be prima facie evidence of the title of the member to the shares. The Bermuda Act prohibits bearer shares.

h. Purchase by our Company of its own shares

The Bermuda Act permits our Company, if authorized to do so by its Memorandum of Association or by its Bye-laws, to purchase its own shares. It should be noted that our Company is authorized by its Bye-laws, subject to certain approvals, to purchase its own shares. Such purchases may only be effected out of the capital paid up on the purchased shares, profits otherwise available for dividend. (Please refer to the sub-section headed "— Dividends and Distributions" in this Appendix IV) or out of the proceeds of a new issue of shares made for the purpose. Any premium payable on a repurchase over the par value of the shares to be repurchased must be provided for out of the profits otherwise available for dividends, out of our Company's share premium account, or out of contributed surplus. A purchase by our Company of its own shares may be authorized by its Board of Directors or otherwise by or in accordance with the provisions of its Bye-laws. Further, the consideration payable to a member whose shares are repurchased may be satisfied by cash and/or the transfer of any part of the undertaking or property of our Company or a combination of the foregoing.

The Bermuda Act provides that no purchase by our Company of its own shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that our Company is, or after the purchase would be, unable to pay its liabilities as they become due.

The shares purchased pursuant to the Bermuda Act shall be treated as cancelled and the amount of our Company's issued capital shall be diminished by the nominal amount of those shares accordingly. It shall not be taken as reducing the amount of our Company's authorized share capital.

Our Company is not prevented from purchasing and may purchase its own warrants. There is no requirement of Bermuda law that the Memorandum of Association or the Bye-laws contain a specific enabling provision authorizing any such purchase and the Directors may rely upon the general power to buy and sell and deal in personal property of all kinds.

A company has power to hold and purchase shares of its holding company. A distinction must be drawn between the purchase of shares in the holding company by the holding company itself and the purchase by a subsidiary. A holding company can only purchase its own shares in accordance with the provisions referred to above. When a subsidiary acquires shares in its holding company, the shares, once purchased, may be voted by the subsidiary for its own benefit.

i. Transfer of Securities

Title to securities of companies whose securities are traded or listed on an appointed stock exchange may, only with effect from the coming into operation of regulations made by the Minister, be evidenced and transferred without a written instrument either in accordance with regulations made by the Minister or by a person appointed by the Minister i.e. through the mechanism required or permitted by an appointed stock exchange.

j. Dividends and Distributions

The Bermuda Act provides that a company shall not declare or pay a dividend or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they became due; or (b) the realizable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Contributed surplus for these purposes is defined as including proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital, the excess value of shares acquired over those issued in a share exchange should the board elect to treat it as such and donations of cash and other assets to the company.

k. Charges on the Assets of our Company

The Bermuda Act established a register of charges at the office of the Bermuda Principal Registrar permitting any charges on the assets of a company to be registered. Registration is not mandatory but does govern priority in Bermuda, giving a registered charge priority over any subsequently registered charge and over all unregistered charges save those in effect prior to the coming into effect of the Bermuda Act in July of 1983. The register of charges is available for inspection by members of the public. The Bermuda Act also makes provision for the registration of a series of debentures.

l. Management and Administration

The management and administration of a Bermuda company is essentially governed by Part VI of the Bermuda Act and provides that the management and administration of a Bermuda company shall be vested in the hands of not less than two directors duly elected by the members.

The Bermuda Act requires that a Bermuda company maintains either:

a) a minimum of one director, other than an alternate director, who is ordinarily resident in Bermuda; or

b) a secretary that is (i) an individual who is ordinarily resident in Bermuda; or (ii) a company that is ordinarily resident in Bermuda; or

c) a resident representative that is (i) an individual who is ordinarily resident in Bermuda; or (ii) a company that is ordinarily resident in Bermuda.

The Bermuda Act contains no specific restrictions on the power of the directors to resolve to dispose of assets of a company although it specifically requires that every officer (which includes a director and managing director and secretary) of a company, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore it requires that every officer should comply with the Bermuda Act, regulations passed pursuant to the Bermuda Act and the bye-laws.

m. Loans to Directors

The Bermuda Act prohibits the making of loans by our Company to any of its Directors or to their families or companies in which they hold a 20 per cent interest, without the consent of members of our Company holding in the aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of our Company. These prohibitions do not apply to anything done to provide a Director with funds to meet expenditure incurred or to be incurred by him for the purposes of our Company, provided that our Company gives its prior approval at a general meeting or, if not, the loan is made on condition that it shall be repaid within six months of the next annual general meeting if the loan is not approved at such meeting. If the approval of our Company is not given for a loan, the Directors who authorized it will be jointly and severally liable for any losses arising.

n. The Investigation of the Affairs of a Company and the Protection of Minorities

The Bermuda Act makes specific provision with regard to the foregoing and provides that the Minister may, at any time of his own volition, appoint one or more inspectors to investigate the affairs of an exempted company and to report thereon in such manner as he may direct. The Bermuda Act requires that such an investigation be made in private unless the company requests that it be held in public. Furthermore any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, or where a report has been made to the Minister under the foregoing, the Bermuda Principal Registrar on behalf of the Minister, may make an application to the court by petition for an order that the company's affairs are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members and that to wind up the company would unfairly prejudice that part of the members but otherwise the facts would justify the making of a winding up order on the ground that it would be just and equitable that the company should be wound up. If the court is of this opinion, then it may, with a view to bringing to an end the matters complained of, make such order as it thinks fit whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company and in the case of a purchase by the company, for the reduction accordingly of the company's capital, or otherwise.

Class actions and derivative actions are generally not available to members under the laws of Bermuda; however, the Bermuda courts ordinarily would expect to follow English case law precedent, which would permit a member to commence an action in the name of the company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of a company's memorandum of association and bye-laws. Furthermore consideration would be given by the court to acts that are alleged to constitute a fraud against the minority members or, for instance, where an act requires the approval of a greater percentage of the company's members than that which actually approved it.

In addition to the above, members may be able to bring claims against a company; such claims must, however, be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers to shares of a company against persons (including directors and officers) responsible for the issue of a prospectus in respect of damage suffered by reason of an untrue statement therein but this confers no right of action against the company itself. In addition, the company itself (as opposed to its members) may take action against the officers (including directors) for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company. Furthermore, a subscriber is not debarred from obtaining damages or other compensation from our Company by reason only of his holding or having held shares in our Company or any right to apply or subscribe for shares or to be included in our Company's register of members in respect of shares.

o. Inspection of Corporate Records

Members of the general public have the right to inspect the public documents of our Company available at the office of the Bermuda Principal Registrar, which will include our Company's certificate of incorporation, its Memorandum of Association (including its objects and powers) and any alteration to the Memorandum of Association and documents relating to an increase or reduction of authorized capital. The members have the additional right to inspect the Bye-laws, minutes of general (i.e. members') meetings and audited financial statements of our Company, which must be presented to the annual general meeting of members. Our Company is required to maintain its share register in Bermuda but may establish a branch register outside Bermuda. The register of members of our Company and any branch register are also open to inspection by members without charge, and to general members of the public for a fee. The Bermuda Act stipulates that where a member of our Company or other person requests a copy of the register of members or branch register of members, this must be provided within 14 days of the request. Our Company is required to keep at its registered office a register of its Directors and officers, which is open for inspection by members of the public without charge. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

p. Restrictions on the Activities of Exempted Companies

Unless specifically authorized by its memorandum of association, an exempted company shall not be permitted to:-

(i) acquire or hold land in Bermuda except land required for its business held by way of a lease or tenancy agreement for a term not exceeding fifty years;

(ii) acquire or hold land that is designated as tourist accommodation or a hotel residence by regulations made under section 102D(1)(ba) of the Bermuda Immigration and Protection Act 1956 (subject to certain exceptions);

(iii) take any mortgage of land in Bermuda (subject to certain exceptions); and

(iv) acquire any bonds or debentures secured on any land in Bermuda except bonds or debentures issued by the government or a public authority in Bermuda.

Exempted companies are specifically permitted to carry on business with persons outside Bermuda or to do business in Bermuda with an exempted company in furtherance only of the business of the exempted company carried on exterior to Bermuda. It may buy, sell or otherwise deal in shares, bonds, debenture stock obligations, mortgages or other securities issued or created by an exempted undertaking or a local company or any partnership that is not an exempted undertaking. It may transact banking business with a bank licensed in Bermuda. It may effect or conclude contracts in Bermuda and exercise in Bermuda all other powers so far as may be necessary for carrying on its business with persons outside Bermuda. It may act as manager or agent for or consultant or advisor to the business of another exempted company, provided that the company has an object in its memorandum of association to enable it to carry on such type of business.

Our Company has been incorporated as an "exempted company". Accordingly our Company is authorized to carry on business outside Bermuda from a place of business in Bermuda but may not, without a specific license granted by the Minister, conduct business within Bermuda. Our Company is, therefore, permitted to establish a place of business in Bermuda in order to conduct business outside Bermuda or with other exempted companies in Bermuda. However, it may not engage in trading or other business activities (e.g. the provision of services) in Bermuda. Furthermore, as an exempted company, our Company has been designated as "non resident" for exchange control purposes and is authorized to deal in any currency of its choosing, other than Bermuda dollars.

Our Company will, under the provisions of the Bermuda Act, be required to file in January of every year a declaration in writing stating what is the principal business of our Company and to pay the Government Fee.

q. Accounting and Auditing Requirements under the Bermuda Act

The Bermuda Act requires that a company shall cause to be kept proper records of account with respect to:

(i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure took place;

(ii) all sales and purchases of goods by the company; and

(iii) the assets and liabilities of the company.

It furthermore requires that the records of account shall be kept at the registered office of our Company or at such other place as the Directors think fit and shall at all times be open to inspection by the Directors or by a resident representative. The Bermuda Act also requires that, these records of account also be maintained at the office of the resident representative where our Company is listed on an appointed stock exchange and our Company has appointed a resident representative. There is a proviso in the Bermuda Act to the effect that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of our Company in Bermuda such records as will enable the Directors or the resident representative to ascertain with reasonable accuracy the financial position of our Company at the end of each three month period (or each six month period, where our Company is listed on an appointed stock exchange). Power is vested in the courts of Bermuda to order our Company to make available the records of account to any of the Directors of our Company should our Company for some reason refuse to do so. Furthermore, the Bermuda Act imposes a fine in the event of failure to comply with the aforementioned requirements, which fine is limited to the sum of BD$500.00 (approximately equivalent in value to US$500.00), for the time being.

r. Auditing Requirements

The Bermuda Act requires that the board of every company shall, at least once in every year, lay before the company in general meeting:

(i) financial statements for the period, which shall include:

(aa) a statement of the results of operations for such period;

(bb) a statement of retained earnings or deficits;

(cc) a balance sheet at the end of such period;

(dd) a statement of changes in the financial position for the period;

(ee) notes to the financial statements;

(ff) such further information as required by the Bermuda Act and the company's memorandum of association and its bye-laws;

(ii) the report of the auditor in respect of the financial statements described above based upon the results of the audit made in accordance with generally accepted accounting principles; and

(iii) the notes referred to in paragraph (ee) above shall include a description of the generally accepted accounting principles used in the preparation of the financial statements and where the accounting principles used are those of a country or jurisdiction other than Bermuda the notes shall disclose this fact and shall name the country or jurisdiction.

Financial statements to be laid before the members in general meeting shall be signed on the balance sheet by two of the directors of the company.

If for some reason it becomes impossible, for reasons beyond the reasonable control of the directors, to lay the financial statements before the members, it shall be lawful for the chairman to adjourn the meeting for a period of up to ninety days or such longer period as the members may agree.

All members of a company are entitled to receive a copy of the financial statements prepared in accordance with the aforementioned requirements, at least seven days before the general meeting of the company at which the financial statements would be tabled.

The Bermuda Act also provides that companies listed on an appointed stock exchange may send summarized financial statements instead of the unabridged financial statements mentioned above. Each member can elect to receive unabridged financial statements for that period and/or any subsequent period. The summarized financial statements together with auditors report and notice to

elect to receive the unabridged financial statements must be sent to members twenty-one days before the general meeting. A company shall send the full financial statements to a member within seven days of receipt of the member's election to receive the full financial statements.

The summarized financial statements must be derived from the company's financial statements and shall include:

(a) a summarized report of the unabridged financial statements;

(b) such further information extracted from the financial statements as the board of directors considers appropriate; and

(c) a statement that it is only a summarized version of the company's financial statements and does not contain sufficient information to allow as full an understanding of the financial position, results of operations or changes in financial position or cash flows of the company as would be provided by unabridged financial statements.

There are certain exceptions in the case of members not entitled to receive notices of general meetings, joint holders of shares or where the address for a person is not known to the company.

The Bermuda Act also makes provision vesting power in the members in general meeting to waive the laying of the financial statements and auditors' report and to waive the appointment of an auditor. In order to do so it is required that all members and directors of the company agree either in writing or at a general meeting, that in respect of a particular interval no financial statement or auditors' report thereon need be laid before a general meeting.

The Bermuda Act contains specific requirements in section 89 in relation to the appointment and disqualification of an auditor.

By way of general reference, the provisions of sections 83, 84, 87, 88, 89 and 90 of the Bermuda Act govern the preparation and maintenance of accounting records and audited financial statements.

s. Continuation and Discontinuation of Companies

(i) A company incorporated outside Bermuda may be continued in Bermuda as an exempted company to which the provisions of the Bermuda Act and any other relevant laws of Bermuda may apply. The consent of the Minister will be required if our Company's memorandum of continuance includes special objects enabling it to carry on any "restricted business activity" within the definition of section 4A of the Bermuda Act; and

(ii) An exempted company may be continued in a country or jurisdiction outside Bermuda as if it had been incorporated under the laws of that other jurisdiction and be discontinued under the Bermuda Act, provided that, inter alia, it is an appointed jurisdiction pursuant to the Bermuda Act, or has been approved by the Minister, upon application by our Company for the purpose of the discontinuance of our Company out of Bermuda.

t. Winding-Up and Liquidation Provisions of Bermuda Legislation

(i) Introduction:

The winding-up of Bermuda companies is governed by the provisions of the Bermuda Act and by the Companies (Winding-Up) Rules 1982 and may be divided into the following two types:

(aa) Voluntary winding-up that commences with the members' resolution or upon the happening of a specified event (fixed or limited life company) and can be sub-divided into a members' voluntary winding-up and a creditors' voluntary winding-up; and

(bb) Compulsory winding-up, by petition presented to the courts of Bermuda followed by winding-up order.

(ii) Voluntary Winding-Up:

(aa) **Members' Voluntary Winding-up** — A members' voluntary winding-up is only possible if a company is solvent. A Statutory Declaration of Solvency to the effect that a company is able to meet its debts within 12 months from the date of the commencement of its winding-up is sworn by a majority of the company's directors and filed with the Bermuda Principal Registrar.

A general meeting of members is then convened which resolves that the company be wound-up voluntarily and that a liquidator (responsible for collecting in the assets of the company, determining its liabilities and distributing its assets amongst its creditors and the surplus to the members) be appointed.

Once the affairs of the company are fully wound-up the liquidator prepares a full account of the liquidation that he then presents to the company's members at a special general meeting called for that purpose. This special general meeting must be advertised in an appointed newspaper in Bermuda at least one month before it is held. Within one week after this special general meeting is held, the liquidator shall notify the Bermuda Principal Registrar that the company has been dissolved.

(bb) **Creditors' Voluntary Winding-up** — A creditors' voluntary winding-up may occur where a company is insolvent and a Declaration of Solvency cannot be sworn.

A board meeting is convened, which resolves to recommend to the members of the company that the company be placed into a creditors' voluntary winding-up. This recommendation is then considered and, if thought fit, approved at a special general meeting of the company's members and, subsequently, at a meeting of the company's creditors.

Notice of the creditors' meeting must appear in an appointed newspaper on at least two occasions and the Directors must provide this meeting with a list of the company's creditors and a full report of the position of the company's affairs.

At their respective meetings, the creditors and members are entitled to nominate a person or persons to serve as liquidator(s) and whose responsibilities include collecting in the assets of the company, ascertaining its liabilities and distributing its assets ratably amongst its creditors in accordance with their proofs of debt. In addition to the liquidator, the creditors are entitled to appoint a Committee of Inspection, which, under Bermuda law, is a representative body of creditors who assist the liquidator during the liquidation.

As soon as the affairs of the company are fully wound-up, the liquidator prepares his final account explaining the liquidation of the company and the distribution of its assets that he then presents to the company's members in a special general meeting and to the company's creditors in a meeting. Within one week after the last of these meetings, the liquidator sends a copy of the account to the Bermuda Principal Registrar who proceeds to register it in the appropriate public records and the company is deemed dissolved three months after the registration of this account.

(iii) Compulsory Winding-Up:

The courts of Bermuda may wind-up a Bermuda company on a petition presented by persons specified in the Bermuda Act and which include the company itself and any creditor or creditors of the company (including contingent or prospective creditors) and any member or members of the company.

Any such petition must state the grounds upon which the Bermuda court has been asked to wind-up the company and may include either one of the following:

(aa) that the company has by resolution resolved that it be wound-up by the Bermuda court;

(bb) that the company is unable to pay its debts;

(cc) that the Bermuda court is of the opinion that it is just and equitable that the company be wound-up.

The winding-up petition seeks a winding-up order and may include a request for the appointment of a provisional liquidator.

Prior to the winding-up order being granted and the appointment of the provisional liquidator, (who under Bermuda law, may or may not be the official receiver - a government appointed officer) an interim provisional liquidator may be appointed to administer the affairs of the company with a view to its winding-up until he is relieved of these duties by the appointment of the provisional liquidator. (Often, the interim provisional liquidator is appointed the provisional liquidator).

As soon as the winding-up order has been made, the provisional liquidator summons separate meetings of the company's creditors and members in order to determine whether or not he should serve as the permanent liquidator or be replaced by some other person who will serve as the permanent liquidator and also to determine whether or not a Committee of Inspection should be appointed and, if appointed, the members of that Committee. The provisional liquidator notifies the court of the decisions made at these meetings and the court makes the appropriate orders.

A permanent liquidator's powers are prescribed by the Bermuda Act and include the power to bring or defend actions or other legal proceedings in the name and on behalf of the company and the power to carry on the business so far as may be necessary for the beneficial winding-up of the company. His primary role and duties are the same as a liquidator in a creditors' voluntary winding-up i.e. to distribute the company's assets ratably amongst its creditors whose debts have been admitted.

As soon as the affairs have been completely wound-up, the liquidator applies to the courts of Bermuda for an order that the company be dissolved and the company is deemed dissolved from the date of this order being made.

u. General

Appleby, our Company's legal advisers on Bermuda law, have sent to our Company a letter of advice summarizing aspects of Bermuda company law. This letter, together with a copy of the Bermuda Act, is available for inspection as referred to in paragraph (e) of Appendix VII. Any person wishing to have a detailed summary of Bermuda company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. PRINCIPAL DIFFERENCES BETWEEN THE CONTINUING OBLIGATIONS APPLICABLE TO THE ISSUERS UNDER THE HONG KONG LISTING RULES AND THE SINGAPORE LISTING MANUAL AND CERTAIN APPLICABLE LAWS IN SINGAPORE AND HONG KONG

		Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
1.	**FINANCIAL REPORTING OBLIGATIONS**		
(A)	Annual reports	**Rule 13.46(2) of the Hong Kong Listing Rules** An issuer shall send to (i) every member of the issuer; and (ii) every other holders of its listed securities (not being bearer securities), a copy of either (a) its annual report including its annual accounts and, where the listed company prepares group accounts, its group accounts, together with a copy of the auditors' report thereon or (b) its summary financial report, not less than 21 days before the date of the listed company's annual general meeting and in any event not more than four months after the end of the financial year to which they relate.	**Rule 707 of the Singapore Listing Manual** (1) The time between the end of an issuer's financial year and the date of its annual general meeting (if any) must not exceed four months. (2) An issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.
(B)	Preliminary result announcements for full financial year	**Rule 13.49(1) of the Hong Kong Listing Rules** An issuer shall publish its preliminary results in respect of each financial year as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results: (a) for annual accounting periods ending before December 31, 2010 — not later than four months after the end of the financial year; and (b) for annual accounting periods ending on or after December 31, 2010 — not later than three months after the end of the financial year.	**Rule 705 of the Singapore Listing Manual** (1) An issuer must announce the financial statements for the full financial year immediately after the figures are available, but in any event not later than 60 days after the relevant financial period.

		Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
(C)	Interim reports	**Rule 13.48(1) of the Hong Kong Listing Rules** In respect of the first six months of each financial year of an issuer unless that financial year is of six months or less, the issuer shall send to (i) every member of the issuer; and (ii) every other holder of its listed securities (not being bearer securities), either (a) an interim report, or (b) a summary interim report not later than three months after the end of that period of six months.	
(D)	Preliminary result announcements for first half of financial year	**Rule 13.49(6) of the Hong Kong Listing Rules** An issuer shall publish in respect of its results for the first six months of each financial year, unless that financial year is of six months or less, as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any preopening session on the next business day after approval by or on behalf of the board. The issuer must publish such results: (a) for half-year accounting periods ending before June 30, 2010 — not later than three months after the end of that period of six months; and (b) for half-year accounting periods ending on or after June 30, 2010 — not later than two months after the end of that period of six months.	
(E)	Quarterly financial results	No such requirement for the issuers. However, information disclosed pursuant to the Singapore Listing Manual in Singapore will be simultaneously disclosed in Hong Kong as required under Rule 13.09(2) of the Hong Kong Listing Rules.	(2) An issuer must announce the financial statements for each of the first three quarters of its financial year immediately after the figures are available, but in any event not later than 45 days after the quarter end if: (a) its market capitalization exceeded S$75 million as of March 31, 2003; or (b) it was listed after March 31, 2003 and its market capitalization exceeded S$75 million at the time of listing (based on the IPO issue price); or

Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
	(c) its market capitalization is S$75 million or higher on the last trading day of each calendar year commencing from December 31, 2006.
	(3) (a) An issuer who falls within the sub-sections in Rule 705(2) above must comply with Rule 705(2) even if its market capitalization subsequently decreases below S$75 million.
	(b) An issuer who does not fall within the sub-sections in Rule 705(2) above must announce its first half financial statements immediately after the figures are available, but in any event not later than 45 days after the relevant financial period.
	(4) In the case of an announcement of interim financial statements (quarterly or half-yearly, as applicable, but excluding full year financial statements), an issuer's directors must provide a confirmation that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect. In order to make this confirmation, directors would not be expected to commission an audit of these financial statements. The confirmation may be signed by two directors on behalf of the board of directors.

	Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
2. DISCLOSURE OBLIGATIONS		
(A) Continuing obligations relating to controlling shareholders' activities and transactions	**Chapter 13 of the Hong Kong Listing Rules** Where the listed issuer's controlling shareholder has pledged all or part of its interest in the listed issuer's shares to secure the listed issuer's debts or to secure guarantees or other support of its obligations, the listed issuer must announce the following information as soon as reasonably practicable: (a) the number and class of shares being pledged; (b) the amounts of debts, guarantees or other support for which the pledge is made; and (c) any other details that are considered necessary for an understanding of the arrangements. Where the listed issuer (or any of its subsidiaries) enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder (e.g. a requirement to maintain a specified minimum holding in the share capital of the issuer) and breach of such an obligation will cause a default in respect of loans that are significant to the listed issuer's operations, the listed issuer must announce the following information as soon as reasonably practicable: (a) the aggregate level of the facilities that may be affected by such breach; (b) the life of the facility; and (c) the specific performance obligation imposed on any controlling shareholder.	The Singapore Listing Manual imposes certain disclosure obligations on issuers in connection with their activities and transactions with their controlling shareholders but does not impose any obligations on the controlling shareholders of the issuer. **Rule 704(31) of the Singapore Listing Manual** An SGX-ST Main Board issuer is required to make an immediate announcement on SGXNET when it or any of its subsidiaries enters into a loan agreement or issues debt securities that contain a condition making reference to shareholding interests of any controlling shareholder in the issuer, or places restrictions on any change in control of the issuer, and the breach of this condition or restriction will cause a default in respect of the loan agreement or debt securities, significantly affecting the operations of the issuer. The announcement must include (a) the details of the condition(s) making reference to shareholding interests of such controlling shareholder in the issuer or restrictions placed on any change in control of the issuer; and (b) the aggregate level of the facilities that may be affected by a breach of such condition or restriction. **Rule 728 of the Singapore Listing Manual** Where any borrowings or loans of an SGX-ST Main Board issuer or any of its subsidiaries contain any provisions which make reference to the shareholding interest of any of its controlling shareholder(s), the issuer must obtain an undertaking from such controlling shareholder(s) to notify the issuer, as soon as such controlling shareholder(s) becomes aware, of any share pledging arrangements relating to these shares and of any event which may result in a breach of the issuer's loan provisions. Upon notification by the controlling shareholder(s), the issuer is required to make an immediate announcement on SGXNET containing the requisite details specified in Rule 728(2) of the Singapore Listing Manual.

		Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
(B)	Notifiable transactions	**Chapter 14 of the Hong Kong Listing Rules** The transactions of an issuer are classified as: (1) share transaction: an acquisition of assets (excluding cash) by a listed issuer where the consideration includes securities for which listing will be sought and where all percentage ratios are less than 5%; (2) discloseable transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 5% or more, but less than 25%; (3) major transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 25% or more, but less than 100% for an acquisition or 75% for a disposal; (4) very substantial disposal: a disposal or a series of disposals of assets by a listed issuer where any percentage ratio is 75% or more; (5) very substantial acquisition: an acquisition or a series of acquisitions of assets by a listed issuer where any percentage ratio is 100% or more; (6) reverse takeover: an acquisition or a series of acquisitions of assets by a listed issuer which, in the opinion of the Stock Exchange, constitutes, or is part of a transaction or arrangement or series of transactions or arrangements which constitute, an attempt to achieve a listing of the assets to be acquired and a means to circumvent the requirements for new applicants set out in Chapter 8 of the Hong Kong Listing Rules.	**Chapter 10 of the Singapore Listing Manual (Acquisitions and Realizations)** **Rule 1004 of the Singapore Listing Manual** Transactions are classified into the following categories: (a) Non-Discloseable Transactions; (b) Discloseable Transactions; (c) Major Transactions; and (d) Very Substantial Acquisitions or Reverse Takeovers. **Rule 1006 of the Singapore Listing Manual** The relevant category that a transaction falls under for the purposes of Rule 1004 depends on the size of the relative figures computed on the following bases: (a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets. (b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits. (c) The aggregate value of the consideration given or received, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares. (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover have been finalized, the listed issuer must in each case (1) inform the Stock Exchange; and (2) publish an announcement in accordance with Rule 2.07 C of the Hong Kong Listing Rules. For a major transaction, very substantial disposal, very substantial acquisition or reverse takeover, the listed issuer must send to its shareholders and the Stock Exchange a circular containing in the information as required under Chapter 14 of the Hong Kong Listing Rules. With respect to a major transaction for acquisitions of businesses and/or companies, and very substantial acquisition and reverse takeover, the listed issuer shall provide the accountants' report for the three preceding financial years on the business, company or companies being acquired. With respect to very substantial disposal, the listed issuer shall provide an accountants' report on the listed issuer's group. For a major transaction, very substantial disposal and very substantial acquisition, the shareholders' approval is required, while the approvals from both the shareholders and the Stock Exchange are required for reverse takeover.	**Rules 1008, 1010, 1014 and 1015 of the Singapore Listing Manual** Transactions are categorized as follows: — Non-Discloseable Transaction: Generally, where all of the relative figures in Rule 1006 amount to 5% or less. — Discloseable Transaction: Where any of the relative figures in Rule 1006 exceeds 5% but does not exceed 20%. — Major Transaction: Where any of the relative figures in Rule 1006 exceeds 20%. — Very Substantial Acquisition or Reverse Takeover: Where any of the relative figures in Rule 1006 is 100% or more, or the transaction is one which will result in a change in control of the issuer. Where a transaction is classified as a Discloseable Transaction, Major Transaction or Very Substantial Acquisition/Reverse Takeover, the Company must make an immediate announcement, which includes the details prescribed in Rule 1010 of the Singapore Listing Manual. Further, transactions that are Major Transactions must be made conditional upon the prior approval of shareholders. Transactions that are Very Substantial Acquisitions/Reverse Takeovers must be made conditional upon the approval of shareholders and the approval of the SGX-ST. A circular will need to be issued. The disclosures required to be made in such circular are prescribed in the Singapore Listing Manual.

		Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
(C)	Connected transactions	**Chapter 14A of the Hong Kong Listing Rules**	**Rule 904 of the Singapore Listing Manual**
		A listed issuer must publicly disclose a transaction entered into between the listed issuer or one of its subsidiaries and a connected person. Generally, a public announcement, a circular and/or independent shareholder approval are required unless one of the de minimis or other exemptions set out below apply. The term 'connected person' is very widely defined under the Hong Kong Listing Rules and include directors, chief executive, substantial shareholders (i.e. shareholders interested in 10% or more of the equity interest in the listed issuer or any of its subsidiaries), associates (as defined under the Hong Kong Listing Rules) of directors, chief executive or substantial shareholders, non-wholly-owned subsidiaries of the listed issuer and its subsidiaries. *Connected transactions or continuing connected transactions exempt from the reporting, announcement and independent shareholders' approval requirements:* A connected transaction or continuing connected transaction will be considered as de minimis transaction where each of the percentage ratios (other than the profits ratio) is/are: (a) less than 0.1%; or (b) less than 1% and the transaction is a connected transaction only because it involves a person who is a connected person of the listed issuer by virtue of its/his relationship(s) with the listed company's subsidiary/subsidiaries; or (c) 5% and the total consideration is less than HK$1,000,000, such connected transaction will be exempt from all the reporting, announcement and independent shareholders' approval requirements, and in the case of continuing connected transactions, the annual review requirements as set out in Rules 14A.37 to 14A.41 of the Hong Kong Listing Rules.	For the purposes of Chapter 9, the following definitions apply: (1) "approved exchange" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Singapore Listing Manual. (2) "entity at risk" means: (a) the issuer; (b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company. (3) "financial assistance" includes: (a) the lending or borrowing of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and (b) the forgiving of a debt, the releasing of or neglect in enforcing an obligation of another, or the assuming of the obligations of another. (4) In the case of a company, "interested person" means: (a) a director, chief executive officer, or controlling shareholder of the issuer; or (b) an associate of any such director, chief executive officer, or controlling shareholder.

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Connected transactions exempt from the reporting and announcement requirements:

A connected transaction or continuing connected transaction on normal commercial terms where each of the percentage ratios (other than the profits ratio) (a) is less than 5%; or (b) less than 25% and the total consideration is less than HK$10,000,000, then such transaction is only subject to the reporting and announcement requirements, and in the case of continuing connected transactions, the annual review requirements as set out in Rules 14A.37 to 14A.41 of the Hong Kong Listing Rules and is exempt from the independent shareholders' approval requirements.

Exemptions

In the case of connected transactions, the following transactions are not required to comply with the reporting, announcement and independent shareholders' approval requirements:

(1) intra-group transactions;

(2) de minimis transactions;

(3) issue of new securities under circumstances specified in Rule 14A.31(3) of the Hong Kong Listing Rules;

(4) stock exchange dealings under circumstances specified in Rule 14A.31(4) of the Hong Kong Listing Rules;

(5) purchase of own securities under circumstances specified in Rule 14A.31(5) of the Hong Kong Listing Rules;

(6) directors' service contracts under circumstances specified in Rule 14A.31(6) of the Hong Kong Listing Rules;

(7) consumer goods or consumer services under circumstances specified in Rule 14A.31(7) of the Hong Kong Listing Rules;

(8) sharing of administrative services under circumstances specified in Rule 14A.31(8) of the Hong Kong Listing Rules;

Singapore Listing Manual and Singapore laws

(5) "interested person transaction" means a transaction between an entity at risk and an interested person.

(6) "transaction" includes:

(a) the provision or receipt of financial assistance;

(b) the acquisition, disposal or leasing of assets;

(c) the provision or receipt of services;

(d) the issuance or subscription of securities;

(e) the granting of or being granted options; and

(f) the establishment of joint ventures or joint investments;

in each case, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

Rule 905 of the Singapore Listing Manual

An issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets.

If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

The above two requirements to make announcements do not apply to any transaction below S$100,000.

Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
(9) transactions with persons connected at the level of subsidiaries under circumstances specified in Rule 14A.31(9) of the Hong Kong Listing Rules; and (10) transactions with associates of a passive investor under circumstances specified in Rule 14A.31(10) of the Hong Kong Listing Rules. In the case of continuing connected transactions, only the circumstances in (2), (7), (8), (9) and (10) are applicable and where applicable, the transaction would also be exempt from the annual review requirements as set out in Rules 14A.37 to 14A.41 of the Hong Kong Listing Rules.	**Rule 906 of the Singapore Listing Manual** An issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than: (a) 5% of the group's latest audited net tangible assets; or (b) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation. The above requirements do not apply to any transaction below S$100,000. **Rule 907 of the Singapore Listing Manual** An issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the format prescribed in the Singapore Listing Manual. **Rule 918 of the Singapore Listing Manual** If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
	Rule 915 of the Singapore Listing Manual The following transactions are not required to comply with Rules 905, 906 and 907: (1) a payment of dividends, a subdivision of shares, an issue of securities by way of a bonus issue, a preferential offer, or an off-market acquisition of the issuer's shares, made to all shareholders on a pro rata basis, including the exercise of rights, options or company warrants granted under the preferential offer; (2) the grant of options, and the issue of securities pursuant to the exercise of options, under an employees' share option scheme approved by the SGX-ST; (3) a transaction between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5%; (4) a transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the issuer at the time of the transaction; (5) a transaction between an entity at risk and an interested person for the provision of goods or services (including telecommunications and postal services, public utility services, and sale of fixed price goods at retail outlets) if: (a) the goods or services are sold or rendered based on a fixed or graduated scale, which is publicly quoted; and (b) the sale prices are applied consistently to all customers or class of customers; (6) the provision of financial assistance or services by a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business;

	Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
		(7) the receipt of financial assistance or services from a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business; and (8) director's fees and remuneration, and employment remuneration (excluding "golden parachute" payments). **Rule 916 of the Singapore Listing Manual** Rule 916 of the Singapore Listing Manual also sets out certain transactions which are not required to comply with Rules 906, such as, the entering into, or renewal of a lease or tenancy of real property of not more than three years if the terms are supported by independent valuation, and investments in or loans provided to joint ventures with an interested person and awards of contract by way of public tenders which satisfy certain conditions.
3. ISSUANCE OF SHARES AND SHARES REPURCHASE REQUIREMENTS		
(A) General Mandate	**Rule 13.36(2)(b) of the Hong Kong Listing Rules.** The existing shareholders of an issuer may by an ordinary resolution in general meeting give a general mandate to the directors of the issuer which shall be subject to a restriction that the aggregate number of securities allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 20% of the existing issued share capital of the issuer plus the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the issuer), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.	**Rule 806(2) of the Singapore Listing Manual** A general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares excluding treasury shares. Unless prior shareholder approval is required under the Singapore Listing Manual, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

	Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
	Rule 13.36(3) of the Hong Kong Listing Rules A general mandate given under rule 13.36(2) of the Hong Kong Listing Rules shall only continue in force until (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or (b) revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first.	**Rule 806(6) of the Singapore Listing Manual** A general mandate may remain in force until the earlier of the following: (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution. By an ordinary resolution passed at that meeting, the mandate may be renewed, either unconditionally or subject to conditions; or (b) such time it is revoked or varied by ordinary resolution of the shareholders in general meeting.
(B) Repurchase Mandate	**Rule 13.36(2)(b) of the Hong Kong Listing Rules** The existing shareholders of an issuer may by an ordinary resolution in general meeting give a general mandate to the directors of the issuer which shall be subject to a restriction that the aggregate number of securities allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 20% of the existing issued share capital of the issuer plus the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the existing issued share capital of the issuer), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.	**Rule 881 of the Singapore Listing Manual** An issuer may purchase its own shares if it has obtained the prior specific approval of shareholders in general meeting. **Rule 882 of the Singapore Listing Manual** A share buy-back may only be made on the SGX-ST or on another stock exchange on which the issuer's securities are listed ("**Market Purchases**") or by way of an off-market acquisition in accordance with an equal access scheme authorized in advance by the company in general meeting. Unless a lower limit is prescribed under the company's law of incorporation, such share buy-back shall not exceed 10 per cent of the total number of issued ordinary shares in the capital of the company as at the date of the resolution passed by shareholders for the share buy-back. **Rule 884 of the Singapore Listing Manual** An issuer may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. For this purpose, the "**Average Closing Price**" means the average of the closing market prices of a share over the last five market days preceding the day of the Market Purchase on which transactions in the shares were recorded and deemed to be adjusted for any corporate action that occurs after the relevant five-day period.

Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
Rule 10.05 of the Hong Kong Listing Rules	**Rule 723 of the Singapore Listing Manual**
Subject to the provisions of the Code on Share Repurchases, a listed company may purchase its shares on the Stock Exchange or on another stock exchange recognized for this purpose by the SFC and the Stock Exchange. All such purchases must be made in accordance with Rule 10.06 of the Hong Kong Listing Rules. The Code on Share Repurchases must be complied with by an issuer and its directors and any breach thereof by the issuer will be a deemed breach of the Hong Kong Listing Rules and the Stock Exchange may in its absolute discretion take such action to penalize any breach of this Rule 10.05 of the Hong Kong Listing Rules or the listing agreement as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share Repurchases.	An issuer must ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.
Rule 10.06(2) of the Hong Kong Listing Rules	
An issuer shall not (a) purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange; (b) purchase its shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time; (c) knowingly purchase its shares from a connected person and a connected person shall not knowingly sell shares to the issuer on the Exchange, or (d) purchase its shares on the Exchange at any time after inside information has come to its knowledge until the information is made publicly available, in particular during the period of one month immediately preceding the earlier of (i) the date of board meeting and (ii) the deadline for the issuer to announce its results for any year or half-year under the Hong Kong Listing Rules, or quarterly or any other interim period.	

		Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
		Rule 8.08 of the Hong Kong Listing Rules There must be an open market in the securities for which listing is sought. This will normally mean at least 25% of the listed issuer's total issued share capital must at all times be held by the public. The Stock Exchange may, at its discretion, accept a percentage of between 15% and 25% if the market capitalization of the company is over HK$10 billion. In addition, there must be a minimum of 300 public shareholders and not more than 50% of the shares in public hands at the time of listing can be beneficially owned by the three largest public shareholders.	
(C)	Share Option Scheme	**Chapter 17 of the Hong Kong Listing Rules** The share option scheme of a listed issuer or any of its subsidiaries must be approved by shareholders of the listed issuer in general meeting. The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of the listed issuer (or the subsidiary) in issue as of the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit. The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed issuer (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the listed issuer (or the subsidiary) if this will result in the limit being exceeded. The period within which the securities must be taken up under the option, which must not be more than ten years from the date of grant of the option, and the life of the scheme, which must not be more than ten years.	**Rule 845 of the Singapore Listing Manual** A limit on the size of each scheme, the maximum entitlement for each class or category of participant (where applicable), and the maximum entitlement for any one participant (where applicable) must be stated. For SGX-ST Main Board issuers, the following limits must not be exceeded: (1) the aggregate number of shares available under all schemes must not exceed 15% of the total number of issued shares excluding treasury shares from time to time; (2) the aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the shares available under a scheme; (3) the number of shares available to each controlling shareholder or his associate must not exceed 10% of the shares available under a scheme; (4) the aggregate number of shares available to directors and employees of the issuer's parent company and its subsidiaries must not exceed 20% of the shares available under a scheme; and

Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
The exercise price must be at least the higher of: (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. For the purpose of calculating the exercise price where a listed issuer has been listed for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.	(5) the maximum discount under the scheme must not exceed 20%. The discount must have been approved by shareholders in a separate resolution. **Rule 847 of the Singapore Listing Manual** Options granted at a discount may be exercisable after two years from the date of grant. Other options may be exercisable after one year from the date of grant.
In addition to the shareholders' approval, each grant of options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer or any of its subsidiaries must comply with the requirements of Rule 17.04(1) of the Hong Kong Listing Rules. Each grant of options to any of these persons must be approved by independent non-executive directors of the listed issuer (excluding independent non-executive director who is the grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive director of the listed issuer, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant, (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and (b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by shareholders of the listed issuer. The listed issuer must send a circular to the shareholders. All connected persons of the listed issuer must abstain from voting in favor at such general meeting.	**Rule 857(1) of the Singapore Listing Manual** An issuer must disclose the terms of the scheme or a summary of the principal terms in the circular. **Rule 853 of the Singapore Listing Manual** Participation in a scheme by controlling shareholders and their associates must be approved by independent shareholders of the issuer. A separate resolution must be passed by independent shareholders of the issuer. A separate resolution must be passed for each person and to approve the actual number and terms of options to be granted to that participant. **Rules 859 and 860 of the Singapore Listing Manual** Shareholders who are eligible to participate in the scheme must abstain from voting on any resolution relating to the scheme (other than a resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries). The following categories of persons must abstain from voting on any resolution relating to the participation of, or grant of options to, directors and employees of the issuer's parent company and its subsidiaries: (1) the parent company (and its associates); and (2) directors and employees of the parent company (and its subsidiaries), who are also shareholders and are eligible to participate in the scheme.

		Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
4.	**OTHER OBLIGATIONS**		
(A)	Continuing obligations	Chapter 13 of the Hong Kong Listing Rules sets out the continuing obligations of a listed company to disclose information.	Chapter 7 of the Singapore Listing Manual sets out the continuing obligations of a listed company to disclose information.
(B)	Board composition and other committees	**Rules 3.10 and 8.12 of the Hong Kong Listing Rules** Every board of directors of a listed issuer must include at least three independent non-executive directors. A new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong, which normally means to have at least two of its executive directors be ordinarily resident of Hong Kong. **Rules 3.21, 3.22 and paragraph C.3 of Appendix 14 of the Hong Kong Listing Rules** Every listed issuer must establish an audit committee comprising nonexecutive directors only. The audit committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. The board of directors of the listed issuer must approve and provide written terms of reference for the audit committee. **Rule 3.25 and paragraph B.1 of Appendix 14 of the Hong Kong Listing Rules** It is a recommended best practice that listed issuer should establish a remuneration committee with specific written terms of reference. A majority of the members of the remuneration committee should be independent nonexecutive directors. **Paragraph A.5 of Appendix 14 of the Hong Kong Listing Rules** It is a recommended best practice that a listed issuer should establish a nomination committee. A majority of the members should be independent non-executive directors.	**Rule 720 (read with Rules 210(5) and 221) of the Singapore Listing Manual** The directors and executive officers of the issuer should have appropriate experience and expertise to manage the group's business. The issuer's board must have at least two non-executive directors who are independent and free of any material business or financial connection with the issuer. Foreign issuers are required to have at least two independent directors who are Singapore residents on the Board of Directors on a continuing basis. **Principle 2 of the COCG** The Board of Directors should have a strong and independent element, with independent directors making up at least one-third of the Board. The independent directors should make up at least half of the Board where: (a) the Chairman and the chief executive officer (or equivalent) is the same person; (b) the Chairman and the chief executive officer are immediate family members; (c) the Chairman is part of the management team; or (d) the Chairman is not an independent director. For the foregoing purpose, an "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders (i.e. a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to

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	the best interests of the company. The Board will determine whether the director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. Directors are expected to disclose to the Board any such relationship as and when it arises. Principle 2 also sets out certain categories of relationships which should typically be relevant to the Board's determination. The Board is also required to identify each independent director in the company's Annual Report.
	Principle 12 of the COCG
	The Board of Directors should establish an Audit Committee ("**AC**") with written terms of reference which clearly set out its authority and duties.
	The AC should comprise at least three directors, all non-executive, the majority of whom, including the AC Chairman, should be independent.
	The Board of Directors should ensure that at least two members of the AC should have recent and relevant accounting or related financial management expertise or experience.
	Guideline 7.1 of the COCG
	The Board of Directors should set up a Remuneration Committee ("**RC**") with written terms of reference which clearly set out its authority and duties.
	The RC should comprise at least three directors, all non-executive, the majority of whom, including the RC Chairman, should be independent.
	Guideline 4.1 of the COCG
	The Board of Directors should establish a Nominating Committee ("**NC**") to make recommendations to the Board on all Board appointments, with written terms of reference which clearly set out its authority and duties.

	Hong Kong Listing Rules and Hong Kong laws	Singapore Listing Manual and Singapore laws
		The NC should comprise at least three directors, a majority of whom, including the NC Chairman should be independent.
5. SHAREHOLDERS' REPORTING OBLIGATIONS		
Disclosure of interest	The Hong Kong Listing Rules requires that the interests held by directors and chief executives and substantial shareholders (i.e. shareholders interested in 10% or more of the voting power) be disclosed in annual reports, interim reports and circulars of the listed issuer. The SFO provides that a substantial shareholder (i.e. shareholder interested in 5% or more of the shares in the listed issuer) is required to disclose his interest, and short positions, in the shares of the listed issuer, within ten business days after first becoming a substantial shareholder, or to disclose his changes in percentage figures of his shareholdings in the listed company or ceasing to be a substantial shareholder within three business days after becoming aware of the relevant events. When there is an increase or decrease in the percentage level of the holding of a substantial shareholder in the listed issuer that results in his crossing over a whole percentage number which is above 5%. For example, the interest of a substantial shareholder increases from 6.8% to 7.1% which crossing over 7%, then he is required to submit the notifications; but if his interest increases from 6.1% to 6.9%, he is not required to make notification. To work out the "percentage level" of the interest, a substantial shareholder simply rounds down the percentage figure of his interest to the next whole number. A director or a chief executive of a listed issuer is required to disclose his interest and short position in any shares in a listed issuer (or any of its associated companies) and their interest in any debentures of the listed issuer (or any of its associated companies) within ten business days after becoming a director or chief executives of the listed company or within three business days after becoming aware of the relevant events.	**Sections 135 and 136 of the Securities and Futures Act (Chapter 289 of Singapore) ("Singapore SFA")** Under the Singapore SFA, a substantial shareholder (i.e. shareholder having not less than 5% of the total votes attached to all the voting shares in the corporation) of a corporation which has a primary listing on the SGX-ST shall give notice in writing to the corporation in the prescribed form within two business days after becoming aware (a) that he is or he has ceased to be a substantial shareholder, or (b) of a change in the percentage level of the substantial shareholder's interest. The reference to "percentage level" means the percentage figure ascertained by expressing the total votes attached to all the voting shares in which the substantial shareholder has an interest or interests immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to: (a) all the voting shares (excluding treasury shares) in the corporation, or (b) where the share capital of the corporation is divided into two or more classes of shares, all the voting shares (excluding treasury shares) included in the class concerned, and, if it is not a whole number, rounding that figure down to the next whole number.

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	Section 133 of the Singapore SFA A director or chief executive officer of the corporation shall give notice in writing of his interest in the in the securities of the corporation to the corporation in the prescribed form within two business days after (a) the earlier of the date of his appointment or the date on which he acquires such interest, or (b) becoming aware of any subsequent change in his interest.
If a person, who is both a substantial shareholder and a director of the listed issuer concerned under the SFO, such person may have separate duties to file notices (one in each capacity) as a result of a single event. For example, a person who is interested in 5.9% of the shares of a listed issuer and buys a further 0.2% will have to file a notice because he is a director (and therefore has to disclose all transactions) and will also have to file a notice as a substantial shareholder because his interest has crossed the 6% level.	A person who is both a substantial shareholder and a director/chief executive officer of the corporation may have separate notification obligations in each of those capacities under Sections 133, 135 and 136 of the Singapore SFA. However, where his notification obligations arise in both capacities as a result of a single event, he is only required to notify as a director/chief executive officer and is exempted from notifying as a substantial shareholder. For example, a director of a corporation holds an existing 5.9% interest in the voting shares of the corporation and acquires a further 0.2% interest, he will have to file a notice as a director, but will not need to file a notice as a substantial shareholder because the said exemption applies.
	Section 137B of the Singapore SFA A person who holds voting shares in a corporation in which another person has an interest must give notice in writing of any acquisition or disposal of those shares effected by him to the second-mentioned person in the prescribed form. However, no such notice is required if such the first-mentioned person: (a) had effected the acquisition or disposal of those shares on the instructions of the second-mentioned person; or (b) is holding the securities as bare trustee, custodian or nominee on behalf of the second-mentioned person.

B. TAKEOVER OBLIGATIONS

1. The Singapore SFA and the Singapore Code

There are requirements under Singapore laws on take-over offers for shares that apply to the Company. Sections 138, 139 and 140 of the Singapore SFA and the Singapore Code will apply to the Company for so long as the Shares are listed for quotation on the SGX-ST.

The Singapore Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the Company's voting Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30% and 50% (both inclusive) of the Company's voting Shares, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1% of the Company's voting Shares in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Singapore Code.

- "Parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Shares in a company, to obtain or consolidate effective control of that company. The following individuals and companies are presumed (unless the presumption is rebutted) to be acting in concert with each other:

  - a company, its parent company, its subsidiaries and its fellow subsidiaries, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

  - a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

  - a company and its pension funds and employee share schemes;

  - a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

  - a financial or other professional adviser (including a stockbroker) and its clients in respect of shareholdings held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and his close relatives, his related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by any of the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

A mandatory offer must be in cash or if the consideration is other than cash, must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months preceding the acquisition of Shares that triggered the mandatory offer obligation.

Under the Singapore Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally.

A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

If a person is obliged to make a mandatory offer, such offer can only be made subject to one condition — that he and persons acting in concert with him own or control more than 50% of the issued shares of the company carrying voting rights of the company, whether pursuant to acceptances of the offer, market purchases or otherwise. No other conditions are permitted.

The consent of the Securities Industry Council in Singapore is required for a partial offer. The Securities Industry Council in Singapore will normally consent to partial offers which result in the offeror and its concert parties holding voting rights of less than 30% of the voting rights of the company. The Securities Industry Council in Singapore will not provide its consent in situations where the partial offer which could result in the offeror and its concert parties holding not less than 30% but not more than 50% of the voting rights of the company. Where the partial offer could result in the offeror and its concert parties holding more than 50% of the voting rights of the company, the Securities Industry Council in Singapore will not normally consent unless certain conditions are met. Such conditions include that (i) the partial offer is not a mandatory offer; (ii) the offeror provides several confirmations and undertakings; (iii) the partial offer is conditional not only on the specified number or percentage of acceptances being received, but also on approval by the offeree company's shareholders, where the offeror and parties acting in concert with it hold 50% or less in the offeree company prior to the announcement of the partial offer; (iv) the partial offer is made to all shareholders of the class and arrangements are made for those shareholders who wish to accept in full for the relevant percentage of their holdings; (v) the precise number of shares, percentage or proportion offered is stated and the offer may not be declared unconditional as to acceptances unless acceptances are received for not less than the number, percentage or proportion.

A voluntary offer must also be conditional upon the offeror receiving acceptances in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the offer, will result in the offeror and persons acting in concert with it holding more than 50% of the voting rights. A voluntary offer may be subject to other conditions. Normal conditions, such as approval of shareholders for the issue of new shares, may be attached without reference to the Securities Industry Council. The Securities Industry Council should be consulted where other conditions would be attached.

2. Takeovers Code

Public companies with a primary listing of their equity securities in Hong Kong fall within the regulatory framework of the Takeovers Code. The Takeovers Code is not legally enforceable. Its purpose is to provide guidelines for companies and their advisers contemplating, or becoming involved in, takeovers and mergers affecting public companies in Hong Kong.

The aim of the Takeovers Code is to ensure fair treatment of shareholders affected by merger or takeover transactions. It requires the timely disclosure of adequate information to enable shareholders to make an informed decision as to the merits of any offer.

The Takeovers Code regulates acquisitions of Shares (whether by way of takeovers, mergers and share repurchases) in an offeree company which changes its control, currently defined as a holding, or aggregate holdings, of 30% or more of the voting rights of a company, regardless of whether that holding or holdings gives de facto control.

The Takeovers Code also applies not only to the offeror and the offeree company, but also to those persons "acting in concert" with the offeror. Under the Takeovers Code, "persons acting in concert" are persons who "pursuant to an agreement or understanding, actively cooperate to obtain or consolidate control of a company through the acquisition by any of them of voting rights of the company". The Takeovers Code also describes classes of persons who are presumed to be acting in concert with others in the same class.

The Takeovers Code requires the making of a mandatory general offer to all shareholders of the offeree company, unless a waiver has been granted by the SFC, where a person or a group of persons acting in concert (1) acquires control of a company (meaning 30% or more of the voting rights), whether by a series of transactions over a period of time, or not, or (2) when already holding between 30% and 50% of the voting rights of a company, acquires more than 2% of the voting rights in the target company in a 12 -month period from the date of the relevant acquisition.

In either of the above cases, an offer must be made to the shareholders for the balance of the Shares of the public company. The offer must be in cash or accompanied by a cash alternative at not less than the highest price paid by the purchaser (or persons acting in concert with it) for Shares of that class during the offer period and within six months prior to its commencement.

C. PROHIBITIONS AGAINST MARKET RIGGING, MARKET MANIPULATION AND INSIDER TRADING UNDER THE SINGAPORE SFA

1. Market Rigging

Section 197 of the Singapore SFA prohibits (i) the creation of a false or misleading appearance of active trading in any securities on a securities exchange or with respect to the market for, or the price of, such securities; and (ii) the maintaining or affecting of the market price of securities by way of purchases or sales which do not involve a change in the beneficial ownership of those securities or by means of any fictitious transactions or devices.

2. Market Manipulation

Section 198(1) of the Singapore SFA provides that no person shall carry out directly or indirectly, two or more transactions in securities of a corporation, being transactions that have, or likely to have, the effect of raising, lowering, maintaining or stabilizing the price of the securities with intent to induce other persons to subscribe for, purchase or sell the securities.

3. Insider Trading

Sections 218 and 219 of the Singapore SFA prohibit a person from dealing in the securities of a corporation (or procuring another person to deal in such securities) when he knows or ought reasonably to know that he is in possession of information that is not generally available, which is expected to have a material effect on the price or value of securities (i.e. the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the first-mentioned securities).

The prohibition applies to a connected person of the corporation (i.e. including an officer and a substantial shareholder of the corporation or its related corporations, as well as a person who occupies a position reasonably expected to give him access to inside information by virtue of professional or business relationships or by being an officer of a substantial shareholder of the corporation or a related corporation) as well as any other person in possession of inside information.

FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in Bermuda on August 3, 2000 under the Bermuda Act as an exempted company with limited liability under the name of "Willas-Array Electronics (Holdings) Limited".

Our Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance and our place of business in Hong Kong is at 24/F, Wyler Centre Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong. Leung Chun Wah, the authorized representative of our Company for the purposes of Part XI of the Companies Ordinance, has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on our Company in Hong Kong is 24/F, Wyler Centre Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

As our Company is incorporated in Bermuda with our Shares admitted to trading on the Main Board of the SGX-ST, its corporate structure and operations are subject to the laws of Bermuda, Singapore and its constitutional documents, which comprise of the Memorandum of Association and the Bye-laws. A summary of certain parts of the constitution of our Company and relevant aspects of the Bermuda Act is set out in the section headed "Summary of the Constitution of our Company and Bermuda Act" in Appendix IV to this Listing Document.

Our registered address is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and our business address is 24/F, Wyler Centre Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

2. Changes in share capital of our Company

In April 2011, our Company allotted and issued 62,000,000 Shares for cash as a result of a renounceable non-underwritten rights issue on the basis of one rights share for every five Shares held by entitled Shareholders. Our Company raised net proceeds of approximately HK$44,807,000.

There has been no alteration in the share capital of our Company within the two years immediately preceding the date of this Listing Document.

3. Resolutions of our Shareholders passed at our Company's general meeting held on July 30, 2013

At the annual general meeting of our Company held on July 30, 2013, the following resolution, among others, was passed by our Shareholders pursuant to which:

(a) Share Issue Mandate

Our Directors were authorized and empowered to issue and allot new Shares in our Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of Shares and convertible securities to be issued pursuant to this resolution shall not exceed 50% of the total issued share capital of our Company, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to existing Shareholders shall not exceed 10% of the total issued share capital of our Company, and unless revoked or varied by our Company in general meeting or the date by which our Company's next annual general meeting or the date by which our Company's next annual general meeting is required by law or by the Bye-laws to be held, whichever is earlier.

Note: Notwithstanding the above, it must be noted that the Hong Kong Listing Rules provide that the general mandate to issue Shares obtained from our Shareholders in a general meeting shall be subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the general mandate must not exceed the aggregate of 74,544,000 Shares, representing 20% of the existing issued share capital of our Company as of the date of the resolution granting the general mandate to issue Shares. Going forward, our Company will comply with the Hong Kong Listing Rules or the Singapore Listing Manual in relation to the general mandate to issue Shares, whichever is more onerous.

At the special general meeting of our Company held on July 30, 2013, resolutions of our Shareholders were passed pursuant to which:

(a) Amendment of Bye-laws

Subject to and conditional upon the Stock Exchange granting the approval for the Listing, the new Bye-laws were adopted as the Bye-laws in substitution for and to the exclusion of all the existing Bye-laws of our Company, such adoption to take effect upon the Listing;

(b) Adoption of Chinese name

The Chinese name "威雅利電子(集團)有限公司" was adopted as our Company's secondary name and our Company and any of our Directors was authorized to exercise such discretion, to complete and do all such acts and things, including without limitation, to sign, to seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they may consider necessary, desirable or expedient to give effect to this resolution as they may think fit;

(c) Adoption of Share Option Scheme III

The Share Option Scheme III was adopted and our Directors were empowered to offer and grant share options to our selected Directors and employees in accordance with the rules of the Share Option Scheme III, and to allot, issue and deal with from time to time such number of Shares as may be required to be allotted, issued or dealt with pursuant to the exercise of the share options granted under the Share Option Scheme III; and

(d) Share Buyback Mandate

Our Directors were authorized and empowered to:

(1) exercise all the powers of our Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by our Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) on-market purchase(s) (each a "**Market Purchase**") on the SGX-ST or (in the event that the Listing is completed) the Stock Exchange as the case may be ; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST pursuant to an equal access scheme(s) as may be determined or formulated by our Directors as they consider fit;

in accordance with all laws and regulations, including but not limited to the provisions of the Bermuda Act, the Bye-laws, the Singapore Listing Manual, the Hong Kong Listing Rules, the Companies Ordinance and the Takeovers Code (the "**Share Buyback Mandate**");

(2) unless varied or revoked by our Company in general meeting, the authority conferred on our Directors pursuant to the Share Buyback Mandate may be exercised by our Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of our Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares in our Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; and

(3) for purposes of this resolution:

"**Maximum Limit**" means 10% of the total issued ordinary shares of our Company as of the date of the passing of this resolution (the total number of ordinary shares shall exclude any ordinary shares that may be held as treasury shares by our Company from time to time);

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share to be determined by our Directors, which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of our Shares over the last five (5) Market Days, on which transactions in our Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant period of five (5) Market Days. In the event that the Listing is completed, in the case of a Market Purchase, the relevant closing market prices shall be taken from the securities exchange on which the relevant trade is to be conducted, and in the case of an Off-Market Purchase effected otherwise than on the SGX-ST or the Stock Exchange, the relevant closing market prices shall be taken from both the SGX-ST and the Stock Exchange;

"**day of the making of the offer**" means the day on which we announce our intention to make an offer for an Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST or (in the event that the Listing is completed) the Stock Exchange is open for trading in securities; and

(4) our Directors of and/or any of them be and are hereby authorized to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorized by this resolution.

4. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants' Report set out in Appendix I to this Listing Document.

There have been no alterations in the registered capital of each of our Company's subsidiaries within the two years immediately preceding the date of this Listing Document.

5. Repurchase by our Company of our own securities

This paragraph sets forth information required by the Stock Exchange to be included in this Listing Document concerning the repurchase by us of our own securities.

(a) Provisions of the Hong Kong Listing Rules

The Hong Kong Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

Shareholders' approval

All proposed repurchases of securities by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a specific transaction.

As set forth in "Further information about our Company — Resolutions of our Shareholders passed at our Company's general meeting held on July 30, 2013" in this Appendix, our Directors were given a general unconditional mandate to repurchase securities.

Source of funds

Repurchases must only be funded out of funds legally available for the purpose in accordance with the new Bye-laws, and the applicable laws and regulations of Hong Kong, Bermuda and Singapore. A dual-listed company on the Stock Exchange and the SGX-ST may not repurchase its own securities on the SGX-ST and the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST and/or the trading rules of the Stock Exchange (as the case may be) from time to time.

(b) Share capital

The exercise in full of the Share Buyback Mandate, on the basis of 372,720,000 Shares in issue as of the date of the granting of the Share Buyback Mandate could accordingly result in up to 37,272,000 Shares being repurchased by our Company during the period prior to the date on which the Share Buyback Mandate expires or terminates.

(c) General information relevant to the Share Buyback Mandate

(1) Our Directors believe that it is in the best interests of our Company and our Shareholders to have a general authority from our Shareholders to enable our Directors to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our net value and our assets and/or earnings per Share.

(2) There might be a material adverse impact on our working capital or gearing position (as compared with the position disclosed in this Listing Document) in the event that the Share Buyback Mandate is exercised in full. However, our Directors do not propose to exercise the Share Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on our working capital requirements.

(3) None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, have any present intention to sell any Shares to our Company if the Share Buyback Mandate is exercised.

(4) Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Buyback Mandate only in accordance with the Hong Kong Listing Rules, the Singapore Listing Manual, the Bye-laws, and the applicable laws of Bermuda. We shall procure the broker who effects the repurchase of securities to disclose to the Stock Exchange such information in relation to the purchase as the Stock Exchange may request.

(5) If as a result of a repurchase of securities a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder (or a group of Shareholders acting in concert, as defined in the Takeovers Code) could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Except as aforesaid, our Directors are not aware of any consequences that may arise under the Takeovers Code as a result of a repurchase pursuant to the Share Buyback Mandate.

(6) Any repurchase of Shares that results in the amount of Shares held by the public being reduced to less than 25% could only be implemented with the agreement of the Stock Exchange to waive the requirement regarding the public shareholding referred to above. Except in extraordinary circumstances, a waiver of this provision would not normally be given by the Stock Exchange.

(7) No Connected Person has notified us that he has any present intention to sell Shares to our Company, nor has any Connected Person undertaken not to do so, if the Share Buyback Mandate is exercised.

6. Further information about the members of our Group

As of the Latest Practicable Date, we had the following operating subsidiaries, the basic information of which is set out below:

(a) PRC subsidiaries

(1)	Name of the enterprise	:	Willas-Array Electronics (Shanghai) Limited
	Date of incorporation	:	March 19, 2002
	Place of incorporation	:	Shanghai, China
	Economic nature	:	Limited liability company (wholly owned by Taiwan, Hong Kong and Macau investors)
	Registered owner	:	Kind Faith Limited
	Total investment capital	:	US$16,000,000
	Registered capital	:	US$7,000,000
	Attributable interest to us	:	100%
	Term of operation	:	March 19, 2002 to March 18, 2022
	Scope of business	:	Trading of electronic components
(2)	Name of the enterprise	:	Willas-Array Electronics (Shenzhen) Limited
	Date of incorporation	:	July 25, 2003
	Place of incorporation	:	Shenzhen, China
	Economic nature	:	Limited liability company (wholly owned by Taiwan, Hong Kong and Macau investors)
	Registered owner	:	Full Link Investment Limited
	Total investment capital	:	US$5,500,000
	Registered capital	:	US$5,500,000
	Attributable interest to us	:	100%
	Term of operation	:	July 25, 2003 to July 25, 2033
	Scope of business	:	Trading of electronic components
(3)	Name of the enterprise	:	慧能思達科技(成都)有限公司
	Date of incorporation	:	December 11, 2009
	Place of incorporation	:	Chengdu, China
	Economic nature	:	Limited liability company (wholly owned by Taiwan, Hong Kong and Macau investors)
	Registered owner	:	Valence Technology Limited
	Total investment capital	:	HK$2,000,000
	Registered capital	:	HK$2,000,000
	Attributable interest to us	:	60%
	Term of operation	:	December 11, 2009 to December 10, 2059
	Scope of business	:	Provision of technical development services for electronic products

(b) Non- PRC subsidiaries

(4)	Name of the enterprise	:	Array Electronics (China) Limited
	Date of incorporation	:	July 8, 1988
	Place of incorporation	:	Hong Kong
	Shareholders	:	Cleverway Profits Limited and Leung Chun Wah [(1)]
	Issued share capital	:	HK$2
	Ownership (direct/indirect)	:	Indirect
	Attributable interest to us	:	100%
	Principal activities	:	Trading of electronic components
	Place of operation	:	Hong Kong
(5)	Name of the enterprise	:	Brightway Transportation Limited
	Date of incorporation	:	June 20, 2001
	Place of incorporation	:	Hong Kong
	Shareholders	:	Cleverway Profits Limited and Leung Chun Wah[(1)]
	Issued share capital	:	HK$2
	Ownership (direct/indirect)	:	Indirect
	Attributable interest to us	:	100%
	Principal activities	:	Provision of transportation services
	Place of operation	:	Hong Kong
(6)	Name of the enterprise	:	Valence Semiconductor Design Limited
	Date of incorporation	:	May 3, 1994
	Place of incorporation	:	Hong Kong
	Shareholder	:	Valence Technology Limited
	Issued share capital	:	HK$3,000,000
	Ownership (direct/indirect)	:	Indirect
	Attributable interest to us	:	60%
	Principal activities	:	Design and trading of electronic components
	Place of operation	:	Hong Kong

(7)	Name of the enterprise	:	Valence Technology Limited
	Date of incorporation	:	December 17, 1997
	Place of incorporation	:	Hong Kong
	Shareholder	:	ValenceTech Limited
	Issued share capital	:	HK$100,000
	Ownership (direct/indirect)	:	Indirect
	Attributable interest to us	:	60%
	Principal activities	:	Provision of corporate management services
	Place of operation	:	Hong Kong
(8)	Name of the enterprise	:	Willas-Array Electronics (Hong Kong) Limited
	Date of incorporation	:	October 15, 1982
	Place of incorporation	:	Hong Kong
	Shareholders	:	Cleverway Profits Limited, Kwok Chan Cheung[(2)] and Leung Chun Wah[(1)]
	Issued share capital	:	HK$1,001,002
	Ownership (direct/indirect)	:	Indirect
	Attributable interest to us	:	100%
	Principal activities	:	Trading of electronic components
	Place of operation	:	Hong Kong
(9)	Name of the enterprise	:	Willas-Array Electronics (Taiwan) Inc.
	Date of incorporation	:	February 21, 2005
	Place of incorporation	:	Taiwan
	Registered owner	:	Cleverway Profits Limited
	Investment	:	NT$1,000,000
	Ownership (direct/indirect)	:	Indirect
	Attributable interest to us	:	100%
	Principal activities	:	Trading of electronic components
	Place of operation	:	Taiwan

Note:

(1) Leung Chun Wah as the nominee of Cleverway Profits Limited, is holding the share in Willas-Array Electronics (Hong Kong) Limited on trust for Cleverway Profits Limited.

(2) The 1,001,000 issued Shares held by Kwok Chan Cheung in the capital of Willas-Array Electronics (Hong Kong) Limited are categorized as non-voting deferred shares of HK$1.0 each. The non-voting deferred shares have no voting rights and are not entitled to any dividends and assets distribution at the time of liquidation. As the deferred shares carry no voting rights, Willas-Array Electronics (Hong Kong) Limited is effectively controlled by Cleverway Profits Limited, which holds the legal and/or beneficial title to all the issued ordinary shares of Willas-Array Electronics (Hong Kong) Limited.

(10) Name of the enterprise	:	Willas-Array Electronics Management Limited
Date of incorporation	:	August 21, 2000
Place of incorporation	:	Hong Kong
Shareholders	:	Cleverway Profits Limited and Leung Chun Wah[3]
Issued share capital	:	HK$2
Ownership (direct/indirect)	:	Indirect
Attributable interest to us	:	100%
Principal activities	:	Provision of management and consultancy services
Place of operation	:	Hong Kong

(11) Name of the enterprise	:	Elite Vantage Limited
Date of incorporation	:	October 17, 2003
Place of incorporation	:	Hong Kong
Shareholders	:	Cleverway Profits Limited and Leung Chun Wah[4]
Issued share capital	:	HK$2
Ownership	:	Indirect
Attributable interest to us	:	100%
Principal activities	:	Trading of electronic components
Place of operation	:	Hong Kong

(3) Leung Chun Wah as the nominee of Cleverway Profits Limited, is holding the share in Willas-Array Electronics Management Limited on trust for Cleverway Profits Limited.

(4) Leung Chun Wah as the nominee of Cleverway Profits Limited, is holding the share in Elite Vantage Limited on trust for Cleverway Profits Limited.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this Listing Document and are or may be material:

(a) the agreement dated November 19, 2012 entered into between G.M.I. and our Company, pursuant to which G.M.I. and our Company agreed to incorporate a limited liability company in Hong Kong, GW Electronics Company Limited, to carry on the business of distributing and marketing of electronic components in the PRC and Hong Kong; and

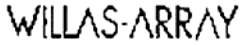
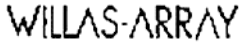
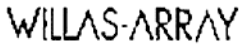
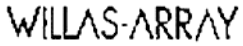
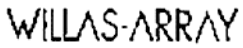
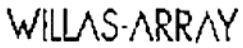
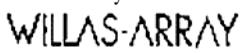
(b) the deed of indemnity dated November 14, 2013 executed by Leung Chun Wah and Global Success in favor of our Group pursuant to which Leung Chun Wah and Global Success have agreed to indemnify us against any fines and penalties we might incur from the non-compliance in relation to certain properties in the PRC currently leased by our Group.

8. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we are the registered proprietor and beneficial owner of the following trademarks:

No.	Trademark	Ownership	Place of registration	Class	Date of first registration	Registration number
1	W 	Willas-Array Electronics (Holdings) Limited	Hong Kong	9	August 8, 2001	2002B06908
2	W 	Willas-Array Electronics (Holdings) Limited	Hong Kong	35	September 2, 2000	2001B07053
3		Willas-Array Electronics (Holdings) Limited	PRC	35	April 28, 2002	1759320
4	AW 	Willas-Array Electronics (Holdings) Limited	Taiwan	9	June 16, 2003	01046864
5	AW 	Willas-Array Electronics (Holdings) Limited	Taiwan	35	August 16, 2003	00185335

No.	Trademark	Ownership	Place of registration	Class	Date of first registration	Registration number
6	AW 	Willas-Array Electronics (Holdings) Limited	Singapore	9	August 8, 2001	T0112339I
7	W AW 	Willas-Array Electronics (Holdings) Limited	Singapore	35	September 15, 2000	T0016327C
8	Willas-Array 	Willas-Array Electronics (Holdings) Limited	Hong Kong	9	August 8, 2001	200206907
9	Willas-Array 	Willas-Array Electronics (Holdings) Limited	Hong Kong	35	September 2, 2000	200107052
10	Willas-Array 	Willas-Array Electronics (Holdings) Limited	PRC	35	April 21, 2002	1754544
11	Willas-Array 	Willas-Array Electronics (Holdings) Limited	Taiwan	9	June 16, 2003	01046863
12	Willas-Array 	Willas-Array Electronics (Holdings) Limited	Taiwan	35	August 16, 2003	00185334
13	willas array 	Willas-Array Electronics (Holdings) Limited	Singapore	9	August 8, 2001	T0112338J
14	Willas-Array 	Willas-Array Electronics (Holdings) Limited	Singapore	35	September 15, 2000	T0016328A
15	ASP 	Valence Technology Limited	Hong Kong	9	January 17, 2005	300354843
16	WILLAS-ARRAY	Willas-Array Electronics (Holdings) Limited	PRC	9	November 28, 2002	1984393
17		Willas-Array Electronics (Holdings) Limited	PRC	9	November 28, 2002	1984995

(b) Patents

As of the Latest Practicable Date, we are the registered proprietor and beneficial owner of the following patents for utility models:

No.	Title of patent	Ownership	Place of registration	Date of application	Application number
1	A single-handed operating control and toy	Willas-Array Electronics (Shenzhen) Limited	PRC	May 19, 2011	ZL201120161339.1
2	The remote control and toy car	Willas-Array Electronics (Shenzhen) Limited	PRC	March 16, 2012	ZL201220100864.7

(c) Copyrights

As of the Latest Practicable Date, we are the registered proprietor and beneficial owner of the following copyrights:

No.	Title of copyright	Ownership	Place of registration	Date of registration	Registration number
1	6BQ530 Core plate embedded software (short form: 6BQ530) V168	Valence Tech (Chengdu) Limited	PRC	September 22, 2011	2011SR068226
2	5EG130 Core plate embedded software (short form: 5EG130) V106	Valence Tech (Chengdu) Limited	PRC	September 7, 2011	2011SR064361
3	4BQ680 Core plate embedded software (short form: 4BQ680) V139	Valence Tech (Chengdu) Limited	PRC	September 7, 2011	2011SR064303
4	3FE120 Core plate embedded software (short form: 3FE120) V133	Valence Tech (Chengdu) Limited	PRC	September 7, 2011	2011SR064270
5	1D7119 Core plate embedded software (short form: 1D7119) V049	Valence Tech (Chengdu) Limited	PRC	July 21, 2011	2011SR050452
6	8FU1101 Core plate embedded software (short form: 8FU1101) V003	Valence Tech (Chengdu) Limited	PRC	July 20, 2011	2011SR050405

(d) Domain names

As of the Latest Practicable Date, we have registered the following domain names:

No.	Domain name	Registrant	Creation date	Expiry date
1	www.willas-array.com	Willas-Array Electronics (Holdings) Limited	January 28, 1997	January 29, 2017
2	www.valencetech.com	Valence Technology Limited	January 7, 2000	January 7, 2016
3	willas-array.cn	Willas-Array Electronics (Shenzhen) Limited	September 9, 2013	September 9, 2020
4	willas-array.com.cn	Willas-Array Electronics (Shenzhen) Limited	September 9, 2013	September 9, 2020

9. Related party transactions

The related party transactions of our Group entered into during the two years immediately preceding the date of this Listing Document have been disclosed in Note 6 to the Accountants' Report, the text of which is set out in Appendix I to this Listing Document.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

10. Directors

(a) Particulars of Directors' service contracts

Executive Directors

On February 27, 2013, our Company entered into separate service agreements with three of our Executive Directors, namely, Leung Chun Wah, Kwok Chan Cheung and Hung Yuk Choy for a period of two years, two years and 13 months respectively (unless otherwise terminated by either party giving not less than six months' notice to the other) with effect from January 1, 2013. By a letter of appointment confirmation dated June 5, 2013, our Company appointed Hon Kar Chun as an Executive Director which supplements the employment agreement entered into between the Group and Hon Kar Chun when he first joined our Group in 1986.

The agreement with each of our Executive Directors may be terminated by either party giving the requisite notice to the other or without notice if any of our Executive Directors (a) is guilty of dishonesty or serious or persistent misconduct, (b) becomes bankrupt or makes any general composition with his creditors, (c) brings serious discredit to our Company or our Group, (d) neglects or refuses to attend to the business of our Company or our Group, (e) flagrantly or persistently fails to observe and perform any of the duties and responsibilities imposed by the service agreement or by any laws or regulation, or (f) otherwise acts to the prejudice of our Company.

Independent Non-executive Directors

Each of Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene has been appointed as the Independent Non-executive Directors since June 14, 2001, June 14, 2001 and June 28, 2013 respectively subject to the terms of the Bye-laws of our Company.

Save as disclosed above, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any members of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(b) Directors' remuneration

The aggregate remuneration paid including benefits in kind to our Directors by our Company and members of our Group in respect of the years ended March 31, 2011, 2012 and 2013 and the four months ended July 31, 2013 were approximately HK$13,616,000, HK$13,327,000, HK$13,167,000 and HK$4,155,000 respectively. Please refer to Note 37 of the Accountants' Report in Appendix I to this Listing Document for further details of our Directors' remuneration.

None of our Directors or any past directors of any members of our Group has been paid any sum of money for each of the three financial years ended March 31, 2013 and the four months ended July 31, 2013 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any members of our Group or of any other offices in connection with the management of the affairs of any members of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years ended March 31, 2013 and the four months ended July 31, 2013.

(c) Interests and short positions of Directors in the shares, underlying shares or debentures of our Company and our associated corporations

Immediately following completion of the Listing, without taking into account of any Shares that may be allotted and issued pursuant to the exercise of the options granted under the ESOS II, the interests and short positions of our Directors or chief executives in the shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Hong Kong Listing Rules, once our Shares are listed on the Stock Exchange, will be as follows:

Name of Director	Name of Group member/ associated corporation	Capacity/nature of interest	Number of Shares directly or indirectly held	Approximate percentage of shareholding[1]
Leung Chun Wah[2][3]	Our Company	Deemed interest by virtue of interest held by spouse	3,659,700	0.98%
	Our Company	Beneficiary of a trust	90,499,154	24.28%
Kwok Chan Cheung[4]	Our Company	Interest of a controlled corporation	39,477,771	10.59%
Hung Yuk Choy	Our Company	Beneficial Owner	25,801,194	6.92%

Notes:

(1) The percentage of shareholdings are based on a total of 372,720,000 Shares in issue (but without taking account of any Shares that may be allotted and issued pursuant to the exercise of the options granted under ESOS II) as of the Latest Practicable Date.

(2) Leung Chun Wah is deemed under the SFO to be interested in the 3,659,700 Shares held by his spouse Cheng Wai Yin, Susana.

(3) Leung Chun Wah and his family members are the ultimate beneficiaries of a discretionary trust of which HSBC International Trustee Limited is the trustee. The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(4) Global Success, which is wholly-owned by Kwok Chan Cheung, is the beneficial owner of 39,477,771 Shares, of which up to 39,477,771 Shares were made available to be lent to the Bridging Dealer pursuant to the Stock Borrowing and Lending Agreement. By virtue of the SFO, Kwok Chan Cheung is deemed to be interested in all of the Shares held by Global Success.

(d) Interests in equity derivatives (including share options and warrants) of our Company or the associated corporations of our Company

Name of Director	Name of Group member/ associated corporation	Capacity/ nature of interest	Number of equity derivatives	Number of underlying Shares	Approximate percentage of shareholding[(1)]
Hon Kar Chun.....	Our Company	Share options	2,010,000	2,010,000	0.54

Note:

(1) The percentage of shareholdings are based on a total of 372,720,000 Shares in issue (but without taking account of any Shares that may be allotted and issued pursuant to the exercise of the options granted under ESOS II) as of the Latest Practicable Date.

11. Substantial Shareholders

So far as is known to our Directors, immediately following completion of the Listing (but without taking account of any Shares that may be allotted and issued upon the exercise of the options granted under ESOS II), the following persons will have an interest or a short position in our Shares and/or the underlying Shares that would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of shareholding[(1)]
Leung Chun Wah [(2)(3)].....	Deemed interest by virtue of interest held by spouse	3,659,700	0.98%
	Beneficiary of a trust	90,499,154	24.28%
Cheng Wai Yin, Susana[(4)].....	Beneficial owner	3,659,700	0.98%
	Deemed interest by virtue of interest held by spouse	90,499,154	24.28%
Max Power [(5)].....	Beneficial owner	90,499,154	24.28%
HSBC International Trustee Limited...	Trustee	90,499,154	24.28%
Kwok Chan Cheung [(6)].....	Interest in a controlled corporation	39,477,771	10.59%
Global Success [(6)].....	Beneficial owner	39,477,771	10.59%
Hung Yuk Choy	Beneficial owner	25,801,194	6.92%

Note:

(1) The percentage of shareholdings are based on a total of 372,720,000 Shares in issue (but without taking account of any Shares that may be allotted and issued pursuant to the exercise of the options granted under ESOS II) as of the Latest Practicable Date.

(2) Leung Chun Wah is deemed under the SFO to be interested in the 3,659,700 Shares held by his spouse Cheng Wai Yin, Susana.

(3) Leung Chun Wah and his family members are the ultimate beneficiaries of a discretionary trust of which HSBC International Trustee Limited is the trustee. The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(4) Cheng Wai Yin, Susana, the spouse of Leung Chun Wah, is deemed under the SFO to be interested in the Shares held by Leung Chun Wah.

(5) The 90,499,154 Shares are held by Max Power, with HSBC (Singapore) Nominees Pte Limited as its nominee. The entire issued share capital of Max Power is held by HSBC International Trustee Limited in its capacity as trustee of the discretionary trust. By virtue of the SFO, HSBC International Trustee Limited is deemed to be interested in all of the Shares held by Max Power. Our Director, Leung Chun Wah and his family members are the ultimate beneficiaries of the discretionary trust. The trustee is required to obtain the consent of Leung Chun Wah in any disposal and acquisition of Shares by Max Power except under certain exceptional conditions as stipulated in the trust deed.

(6) Global Success, which is wholly-owned by Kwok Chan Cheung, is the beneficial owner of 39,477,771 Shares, of which up to 39,477,771 Shares were made available to be lent to the Bridging Dealer pursuant to the Stock Borrowing and Lending Agreement. By virtue of the SFO, Kwok Chan Cheung is deemed to be interested in all of the Shares held by Global Success.

Leung Chun Wah does not have any business that competes or will compete with our Company. Also, Leung Chun Wah and our Company have not entered into any interested person transaction (which is similar to the meaning of "connected transaction" under the Listing Rules) under the Singapore Listing Manual during the Track Record Period and they have no intention to enter into such transaction going forward. In addition, Leung Chun Wah and Kwok Chan Cheung have neither entered into any shareholders' agreement or other agreement with each other nor have they acted in concert during the three financial years ended March 31, 2013 and the four months ended July 31, 2013.

12. Disclaimers

Save as disclosed in the sub-section headed "Substantial Shareholders — Substantial Shareholders" in this Listing Document and the paragraphs 10 and 11 under the sub-section headed "— Further Information about Directors and Shareholders" in this Appendix VI:

(a) our Directors are not aware of any person who, upon Listing, will have an interest or a short position in our Shares and/or the underlying Shares that would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;

(b) none of our Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions that any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once our Shares are listed;

(c) none of our Directors nor any of the parties listed in paragraphs 11 and 18 in this Appendix VI has been interested in the promotion of, or has any direct or indirect interest in any assets that have been, within the two years immediately preceding the date of this Listing Document, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group;

(d) none of our Directors nor any of the parties listed in paragraph 11 in this Appendix VI is materially interested in any contract or arrangement subsisting at the date of this Listing Document that is significant in relation to our business; and

(e) none of the parties listed in paragraphs 10(c), 10(d), 11 and 18 in this Appendix VI:

- is interested legally or beneficially in any securities of any member of our Group; or
- has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

OTHER INFORMATION

13. Share Option Schemes

A. Existing equity-settled share option scheme

Our Company adopted the Share Option Scheme I and the Share Option Scheme II to grant share options to eligible employees, including the executive directors of our Company and its subsidiaries. The two schemes were adopted pursuant to written resolutions in lieu of a special general meeting held on June 11, 2001.

ESOS I

We granted options to subscribe for 12,500,000 Shares to 181 employees of our Group under the ESOS I on June 14, 2001, at a price equal to that offered to the public at the initial public offering of the new ordinary shares of our Company on the SGX-ST, which was set at S$0.28 per ordinary share and the maximum number of shares in respect of which options might be granted under the ESOS I was 25,000,000.

The ESOS I was terminated on July 2, 2001 upon admission of our Company to the Official List of the SGX-ST pursuant to the rules of the ESOS I and no further options were granted by our Company under the ESOS I since that date. There are currently no share options outstanding in respect of the ESOS I.

ESOS II

The ESOS II, approved by the written resolutions in lieu of a special general meeting held on June 11, 2001, had expired on June 10, 2011. No further options would be granted by our Company under the ESOS II. However the provisions of the ESOS II will continue to apply to share options granted before its expiration.

As of the Latest Practicable Date, an aggregate of 20,572,800 share options were outstanding in pursuance of the ESOS II, representing 5.5% of 372,720,000 Shares, being the total issued share capital of our Company as of the Latest Practicable Date. These outstanding share options, 2,010,000 were granted to Hon Kar Chun, while the remaining share options were granted to other employees of our Company. These share options, all of which remained exercisable as of the Latest Practicable Date, were exercisable until October 1, 2019 at the subscription price set out below:

Set forth below are the details of the outstanding options granted under the ESOS II:

Date of Grant	Balance as of the Latest Practicable Date	Exercise Price per Share as of the Latest Practicable Date	Exercise Period
April 17, 2004.....	10,200,000	S$0.15	April 17, 2006 to April 16, 2014
November 18, 2004	420,000	S$0.121	November 18, 2006 to November 17, 2014
October 2, 2009.....	9,952,800	S$0.067	October 2, 2011 to October 1, 2019
Total:.....	20,572,800		

Position	Number of persons involved	Number of Shares under options	Exercise Price (S$)	Grant Date	Exercise Period	
					From	To
Senior Management[(1)]...	16 out of 17	7,200,000	0.15	April 17, 2004	April 17, 2006	April 16, 2014
	10 out of 17	9,952,800	0.067	October 2, 2009	October 2, 2011	October 1, 2019
General Staff.....	15	3,000,000	0.15	April 17, 2004	April 17, 2006	April 16, 2014
	3	420,000	0.121	November 18, 2004	November 18, 2006	November 17, 2014

Note:

(1) Altogether 17 senior management staff were granted options under the ESOS II. Of the 17 senior management staff, some of them exercised their options both in 2004 and 2011.

Summary of ESOS II

A summary of the ESOS II is set out as follows:

(1) Participants

Under the rules of the ESOS II, our Executive Directors and employees, who are not Controlling Shareholders or their associates, are eligible to participate in the ESOS II.

(2) Size of ESOS II

The aggregate number of Shares over which the committee (as described below under the section *Administration of the ESOS II*) may grant options on any date, when aggregated with the number of Shares issued and issuable in respect of all options granted under the ESOS II and any other share option schemes of our Company, shall not exceed 15% of the issued Shares of our Company from time to time.

(3) ESOS II Options, exercise period and exercise price

The options that are granted under the ESOS II may have exercise prices that are, at the committee's discretion, set at a discount to the market price of a Share (subject to a maximum of 20%), in which event, such options may only be exercised after the second anniversary from the date of grant of the option, or fixed at a price equal to the average of the last dealt prices for our Shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option, which may only be exercised after the first anniversary of the date of grant of that option. Options granted under the ESOS II will have a life span of ten years.

(4) Grant of ESOS II Options

Under the rules of the ESOS II, there are no fixed period for the grant of options. As such, offers of the grant of options may be made at any time at the discretion of the committee. However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(5) Acceptance of ESOS II Options

The grant of options shall be accepted within 30 days from the date of the offer. Offers of options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of HK$1.0.

(6) Duration of ESOS II

The ESOS II shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities that may then be required.

Administration of ESOS II

The ESOS II is administered by a committee with powers to determine, inter alia, the following:

(a) persons to be granted options;

(b) number of options to be offered; and

(c) (subject to approval from relevant authorities, our Shareholders or the participants where applicable) modifications to the provision of the ESOS II.

The committee will consist of Directors (including Directors or persons who may be participants of the ESOS II). A member of the committee who is also a participant of ESOS I or ESOS II, as the case may be, must not be involved in its deliberation in respect of options granted or to be granted to him.

Maximum entitlements

The number of Shares comprised in any options to be offered to a participant in the ESOS II shall be determined at the absolute discretion of the committee subject to the applicable rules prescribed by the SGX-ST, who shall take into account criteria such as rank, past performance, years of service, potential for future development of that participant.

Termination of ESOS II Options

Special provisions in the rules of the ESOS II deal with the lapse or earlier exercise of options in circumstances that include the termination of the participant's employment in our Group, the bankruptcy of the participant, a takeover of our Company and the winding-up of our Company.

Rights of Shares arising

Shares arising from the exercise of options granted pursuant to the ESOS II are subject to the provisions of the Memorandum of Association and Bye-laws of our Company. The Shares so allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date for which falls on or before the relevant exercise date of the option. ("Record date" means the date as of the close of business on which our Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.)

B. New Share Option Scheme: Share Option Scheme III

Summary of terms of ESOS III

The following is a summary of the principal terms of the Share Option Scheme III adopted conditionally by a resolution of the Shareholders at the special general meeting held on July 30, 2013 (the "**Adoption Date**"):

For the purpose of this section, unless the context otherwise requires:

"**Committee**" means a committee comprising Directors of our Company duly authorized and appointed, nominated by the Board pursuant to the rules of the Share Option Scheme III to administer the Share Option Scheme III.

"**Controlling Shareholder**" has the meaning as ascribed thereto under the Singapore Listing Manual;

"**Date of Grant**" means the date of grant of the Options in accordance with the Share Option Scheme III which shall be the date of the Committee meeting at which the grant was approved;

"**Grantee**" means any Participant (as defined below) who accepts an offer of grant of any Option in accordance with the terms of the Share Option Scheme III or (where the context so permits) a person entitled, in accordance with the laws of succession, to any Option in consequence of the death of the original Grantee;

"**Options**" means the options to subscribe for Shares pursuant to the Share Option Scheme III; and

"**Exercise Period**" means the period of time where the Grantee may exercise the Options, which period shall not be more than ten years from the Date of Grant to be notified by the Committee to each Grantee, which period of time shall commence on the first anniversary of the Date of Grant and expire on the tenth anniversary of such Date of Grant or on such earlier date as may be determined by the Committee.

(a) Participant

Our Directors may at their absolute discretion grant Options to an employee of our Group (including any executive director of our Group) who is in full-time employment with our Company or any of its subsidiaries, and who, in the absolute opinion of the Committee, has contributed to our Company or our Group, and each of the persons mentioned above is referred to as a "**Participant**".

(b) Purpose of ESOS III

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

(c) Conditions

The Share Option Scheme III is conditional upon:

(i) the SGX-ST granting approval of the listing of, and permission to deal in, the Shares to be issued upon exercise of any Options that may be granted under the Share Option Scheme III;

(ii) the passing of an ordinary resolution approving the adoption of the Share Option Scheme III by our Shareholders and authorizing our Directors to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the Share Option Scheme III;

(iii) the Listing Committee granting approval of the listing of, and permission to deal in, our Shares in issue and to be issued upon exercise of any Options that may be granted under the Share Option Scheme III; and

(iv) the commencement of dealings in our Shares on the Stock Exchange.

For the avoidance of doubt, in the event our Company decides not to proceed with the Listing for any reason, the Share Option Scheme III shall take effect from the date the conditions under paragraphs (i) and (ii) above are satisfied or the date our Company announces its decision on the SGX-ST not to proceed with the Listing, whichever is later, and all references to the Hong Kong Listing Rules and requirements thereunder and Hong Kong laws in the Share Option Scheme III document shall be deemed irrelevant, as the Committee administering the Share Option Scheme III may determine at its sole and absolute discretion.

(d) Duration and administration

The Share Option Scheme III shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on the tenth anniversary of the Adoption Date (the "**Scheme Period**"), after which period no further Options shall be granted but the provisions of the Share Option Scheme III shall remain in full force and effect in all other respects in respect of Options remaining outstanding and exercisable on the expiry of the Scheme Period.

The Share Option Scheme III shall be subject to the administration of the Committee whose decision (save as otherwise provided in the Share Option Scheme III) shall be final and binding on all parties.

(e) Grant of Options

An offer of the grant of Options shall be made to a Participant in writing in such form as the Committee may from time to time determine specifying, inter alia, the maximum number of Shares in respect of which such offer is made and requiring the Participant to undertake to hold the Options on the terms of which they are to be granted and to be bound by the provisions of the Share Option Scheme III and shall remain open for acceptance by the Participant to whom the offer is made for a period of thirty (30) days (or such other period as the Committee may determine) from the Date of Grant provided that no such offer shall be open for acceptance after the expiry of the Scheme Period or after the Share Option Scheme III has been terminated in accordance with the terms of the Share Option Scheme III.

On and subject to the terms of the Share Option Scheme III, the Committee shall be entitled at any time during the Scheme Period to offer to grant Options to any Participant as the Committee may at its absolute discretion select, and subject to such conditions and restrictions as the Committee may think fit.

An offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Options, duly signed by the Participant, together with the payment of HK$1.00 in favor of our Company, irrespective of the number of Shares in respect of which the Options is accepted, as consideration for the grant is received by our Company within thirty (30) days from the Date of Grant (or such other period as the Committee may determine).

(f) Exercise Price

The subscription price in respect of each Share issued pursuant to the exercise of any particular Options shall be such price as the Committee may at its absolute discretion determine at the time of the grant of the relevant Options (and shall be stated in the letter containing the offer of the grant of the Options (the "**Exercise Price**")), but in any case the Exercise Price must be at least the highest of (i) the closing price of our Shares as stated in the Stock Exchange's or the SGX-ST's (whichever is higher) daily quotations sheet on the Date of Grant, which must be a Business Day on which the securities are traded on the Stock Exchange and the SGX-ST; and (ii) the average closing price of our Shares as stated in the Stock Exchange's or the SGX-ST's daily quotations sheets for the five (5) consecutive Business Days immediately preceding the Date of Grant (whichever is higher).

(g) Rights are personal to Grantee

An option shall be personal to the Participant to whom it is granted or made and shall not be assignable.

(h) Exercise of Options

Subject to any condition or restriction in connection with the exercise of the Options that may be imposed by the Committee when granting the Options and other provisions of the Share Option Scheme III, the Options may be exercised in whole or in part by the Grantee (or his legal personal representative) any time after the first anniversary of the Date of Grant and during the Exercise Period, provided that paragraphs (k), (l) or (m) below have been satisfied. Further, no performance target is required to be met in order for a Participant to be able to exercise the Options.

(i) Grant of Options to Executive Directors or Substantial Shareholders

The following provisions shall apply for such time as our Company is listed on the Stock Exchange.

(aa) Where there is a grant of Options to an Executive Director or a Substantial Shareholder of our Company under the Share Option Scheme III, it must be approved by our Independent Non-executive Directors.

(bb) Where any Options granted to a Substantial Shareholder of our Company or any of their respective associates would result in the number and value of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding but excluding Options that have lapsed) to such person in the 12-month period up to and including the date of such grant (i) exceeding in aggregate over 0.1% of our Shares in issue; and (ii) exceeding an aggregate value, based on the closing price of our Shares on the Stock Exchange's daily quotations sheet at the Date of Grant in excess of HK$5,000,000, such further grant of Options must be approved by our Shareholders by taking of a poll in a general meeting. Our Company must send a circular to our Shareholders. All Connected Persons of our Company must abstain from voting (except that any Connected Person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular) at the general meeting. The circular must contain: (i) details of the number and terms (including the Subscription Price) of the Options to be granted to each Participant, which must be fixed before the general meeting concerned; (ii) a recommendation from our Independent Non-executive Directors to our independent Shareholders as to voting; and (iii) the information required under the relevant provisions of Chapter 17 of the Hong Kong Listing Rules and of the Singapore Listing Manual.

(j) Grant of Options to Controlling Shareholders

The following provisions shall apply notwithstanding any other provision in the Share Option Scheme III.

(aa) Any grant of Options to Controlling Shareholders and their associates (as defined in the Singapore Listing Manual) must first be approved by our independent Shareholders (i.e. other than the relevant Controlling Shareholder and his associates to which the grant is proposed to be made and Shareholders who are eligible to participate in the ESOS III). A separate Shareholders' resolution, stating the number and terms of Options to be granted, must be passed for each such proposed Participant.

(bb) The aggregate number of Shares available to Controlling Shareholders and their associates (as defined in the Singapore Listing Manual) must not exceed 25% of the maximum number of Shares which may be the subject of grant of Options under the ESOS III. For the avoidance of doubt, Options which have lapsed in accordance with the ESOS III shall not be counted for the purpose of calculating the said maximum number.

(cc) The aggregate number of Shares available to each Controlling Shareholder or his associate (as defined in the Singapore Listing Manual) must not exceed 10% of the maximum number of Shares which may be the subject of grant of Options under the ESOS III. For the avoidance of doubt, Options which have lapsed in accordance with the ESOS III shall not be counted for the purpose of calculating the said maximum number.

(k) Rights on ceasing employment

In the event that the Grantee ceases to be a Participant for any reason (other than on his death) including the termination of his employment of or ceases to be a director of any member of our Group for any reason whatsoever, the Options granted to such Grantee will lapse on the date of such cessation (to the extent not already exercised) and will not be exercisable. Where a Participant ceases to be in the employment of any member of our Group by reason of (i) ill health, injury or disability; (ii) redundancy; (iii) retirement; or (iv) any other event approved in writing by the Committee, the Participant may exercise any Options;

(aa) where the cessation occurs after the first day of the Exercise Period, within the period of eighteen (18) months after the date of such cessation or before the expiry of the Exercise Period, whichever is earlier; or

(bb) where the cessation occurs before the first day of the Exercise Period, within the period of eighteen (18) months after the first day of the Exercise Period.

(l) Rights on death

If a Participant dies, whether or not while still in the employment of any member of our Group and at the date of his death holds any unexercised Option, such Option shall continue to be exercisable by the duly appointed personal representatives of the deceased Participant:

(aa) in the case where death occurs after the first day of the Exercise Period in respect of such Option, within the period of eighteen (18) months after the date of such cessation of employment or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period, the Option shall lapse; and

(bb) in the case where death occurs before the first day of the Exercise Period in respect of such Option, within the period of eighteen (18) months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period, the Option shall lapse.

(m) Rights on a takeover

In the event of a take-over being made for our Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its sole and absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(aa) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the Stock Exchange and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or

(bb) the date of expiry of the Exercise Period relating thereto, whereupon the Option then remaining unexercised shall lapse,

provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of any applicable laws and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 7 of the ESOS III scheme rules, remain exercisable until the expiry of the Exercise Period relating thereto.

(n) Rights on a compromise or arrangement

If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of our Company or its amalgamation with another company or companies, each Participant shall be entitled (subject to

provisions in the Share Option Scheme III), to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Committee in its sole and absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.

(o) Rights on winding-up by court order

If an order is made for the winding-up of our Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), the Participant shall be entitled, within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Exercise Period relating thereto), to exercise any unexercised Option in respect of such number of Shares comprised in that Option as may be determined by the Committee in its sole and absolute discretion, after which such unexercised Option shall lapse and become null and void.

(p) Ranking of shares

The Shares to be allotted and issued upon the exercise of the Options will be subject to the Bye-laws in force at that time including with respect to voting and transfer rights and rights arising on a liquidation of our Company and will rank pari passu in all respects with our fully paid Shares in issue as of the date of allotment and thereafter the holders thereof will be entitled to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividends or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment.

(q) Performance target

The Share Option Scheme III does not set out performance targets that must be achieved before the Options may be exercised. However, on the grant of the Options by the Board, the Board may specify, as part of the terms and conditions of such Options, the performance condition that must be satisfied before the Options can be exercised.

(r) Maximum number of Shares available for subscription

The aggregate nominal amount of new Shares over which the Committee may grant Options on any date, when added to the nominal amount of new Shares issued and issuable in respect of (i) all Options granted under the Share Option Scheme III, and (ii) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by our Company and for the time being in force, shall not exceed 15% of the issued share capital of our Company on the day preceding that date (the "**SGX Overall Limit**").

In the event our Company is listed on the Stock Exchange, the limit on the number of new Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme III and any other schemes must not exceed 30% of the issued share capital of our Company from time to time (the "**SEHK Overall Limit**"), and our Company shall comply with either the SGX Overall Limit or the SEHK Overall Limit, whichever is more stringent. SGX Overall Limit and SEHK Overall Limit are collectively referred to as (the "**Overall Scheme Limit**").

Subject always to the Overall Scheme Limit, the following restrictions shall apply for such time as our Company is listed on the Stock Exchange.

(aa) No Options may be granted under any schemes of our Company (or its subsidiaries) if such grant will result in the Overall Scheme Limit being exceeded. The total number of Shares that may be issued upon exercise of all Options to be granted under the Share Option Scheme III and any other schemes must not in aggregate exceed 10% of our Shares in issue on the Adoption Date (i.e. 37,272,000 Shares) (the "**Scheme Mandate Limit**") for this purpose. Options lapsed in accordance with the terms of the Share Option Scheme III shall not be counted for the purpose of calculating the Scheme Mandate Limit.

(bb) Subject to the Overall Scheme Limit, our Company may seek approval from our Shareholders in general meeting for "refreshing" the Scheme Mandate Limit. However, the total number of Shares that may be issued upon exercise of all Options to be granted under all of the schemes of our Company under the limit as "refreshed" must not exceed 10% of our Shares in issue as of the date of approval by our Shareholders of the renewed limit (the "**Refreshed Scheme Mandate Limit**"). Options previously granted under any existing schemes (including those outstanding, cancelled or lapsed in accordance with the Share Option Scheme III or exercised Options) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate Limit. Our Company must send a circular to our Shareholders containing the information required under the relevant provisions of Chapter 17 of the Hong Kong Listing Rules and Chapter 8 of the Singapore Listing Manual.

(cc) Subject to the Overall Scheme Limit, our Company may seek separate approval from the Shareholders in a general meeting for granting Options to subscribe for Shares beyond the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit (as the case may be) provided that the Options in excess of the Scheme Mandate Limit or the Refreshed Scheme Mandate Limit are granted only to Participants specifically identified by our Company before such approval is sought and our Company must send a circular to our Shareholders containing the information specified in the relevant provisions of the Hong Kong Listing Rules and the Singapore Listing Manual.

Unless approved by our Shareholders in general meeting at which the relevant Participant and his/her associates abstain from voting in the manner prescribed by the relevant provisions of Chapter 17 of the Hong Kong Listing Rules and the Singapore Listing Manual, the total number of Shares issued and to be issued upon exercise of the Options granted to such Participant (including exercised, cancelled and outstanding Options) in any 12-month period must not exceed 1% of our Shares in issue (the "**Individual Limit**") at such time. With respect to any further grant of Options to an Participant exceeding in aggregate the Individual Limit, our Company must send a circular to our Shareholders

and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted to such Participant), and the information required under the relevant provisions of Chapter 17 of the Hong Kong Listing Rules and the Singapore Listing Manual. The number and terms (including the Exercise Price) of Options to be granted to such Participant must be fixed before the general meeting at which the same are approved, and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Exercise Price.

(s) Inside information

No offer of Options shall be made after inside information has come to the knowledge of the Board and until such inside information has been published by our Company. In particular, during the period commencing one (1) month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange or the SGX-ST in accordance with the Hong Kong Listing Rules and the Singapore Listing Manual) for approving our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Hong Kong Listing Rules), and (ii) the deadline of our Company to publish its interim or annual results announcement under the Hong Kong Listing Rules or the Singapore Listing Manual, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules or the Singapore Listing Manual), and ending on the date of the results announcement, no Options may be granted. The period during which no Options may be granted will cover any period of delay in the publication of a result announcement.

(t) Cancellation of Options

The Committee may, with the consent of the relevant Grantee, at any time cancel any Options granted to the extent unexercised. Where our Company cancels the Options and offers new Options to the same Option holder, the offer of such new Options may only be made if there are available unissued Options under a scheme (to the extent not yet granted and excluding the cancelled Options) within the limit approved by our Shareholders as mentioned in paragraph (q) above.

(u) Adjustment Events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalization of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(i) the Exercise Price in respect of our Shares, the nominal amount, class and/or number of Shares comprised in an Option to the extent unexercised and the rights attached thereto; and/or

(ii) the nominal amount, class and/or number of Shares over which additional Options may be granted to Participants under the Share Option Scheme III,

may be adjusted in such manner as the Committee may determine to be appropriate.

Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition shall not normally be regarded as a circumstance requiring adjustment.

Notwithstanding the provisions above:

(i) no such adjustment shall be made if as a result, the Exercise Price shall fall below the nominal amount of a Share and if such adjustment would, but for this paragraph (i), result in the Exercise Price being less than the nominal amount of a Share, the Exercise Price payable shall be the nominal amount of a Share;

(ii) any adjustment (except in relation to a capitalization issue) must be confirmed in writing by the auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable;

(iii) subject to sub-sections (v) and (vi) below, any such alteration shall give a Participant the same proportion of the issued share capital of our Company as that to which he was previously entitled;

(iv) no such adjustments shall be made to the advantage of Participants (including, but not limited to, adjustments which would increase the intrinsic value of any subsisting Options) except with the prior sanction of a resolution of our Shareholders in general meeting; and

(v) no such adjustment shall be made if the effect of which would enable a Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any Options in full being increased.

"Intrinsic value" is the difference between the market price (or theoretical ex-entitlement price) of our Shares subject to the subsisting Options and the Exercise Price (or revised Exercise Price following an alternation in the capital structure of our Company) of the subsisting Options.

Upon any adjustment required to be made pursuant to Rule 11 of the rules of the ESOS III, our Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and the nominal value, class and/or number of Shares thereafter to be issued on the exercise of the Options. Any adjustment shall take effect upon such written notification being given.

The certifications of the auditors (acting only as experts and not arbitrators) shall be final and binding on our Company and the Participants. The costs of the auditors in so certifying shall be borne by our Company.

In the event that the auditors are unwilling or unable or it is impracticable for our Company to instruct the auditors to provide a certification as required by Rule 11.5 of the rules of the ESOS III, our Company may appoint such other entity as may be permitted by the SGX-ST to provide the certification.

(v) Modifications to ESOS III

Any or all the provisions of the Share Option Scheme III may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

(a) no modification or alteration shall alter adversely the rights attaching to any Options granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in nominal amount of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;

(b) any modification or alteration which would be to the advantage of Participants under the Share Option Scheme III shall be subject to the prior approval of our Shareholders in general meeting;

(c) Any alterations to the rules of the Share Option Scheme III, which are of a material nature or change to the authority of the Committee, shall be approved by our Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Scheme III;

(d) Any change to the authority of the Committee, if any, in relation to any alteration to the rules of the Share Option Scheme III must be approved by our Shareholders in general meeting; and

(e) no modification or alteration shall be made without the prior approval of the Stock Exchange or SGX-ST (if required) and such other regulatory authorities as may be necessary.

Notwithstanding anything to the contrary contained in Rule 14.1 of the rules of the ESOS III, the Committee may at any time by resolution (and without other formality, save for the prior approval (if required) of the Stock Exchange or SGX-ST) amend or alter the Share Option Scheme III in any way to the extent necessary to cause the scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the Stock Exchange and SGX-ST) except that the definition of "Grantee" and "Participant", the provisions of the Share Option Scheme III relating to matters contained in Rule 17.03 of the Hong Kong Listing Rules and all such matters set out in Rules 844 to 849 and Rules 853 to 854 of the Singapore Listing Manual (as of the Adoption Date) shall not be altered (i) to change the categories of persons eligible to be Participants or (ii) to the advantage of the Grantees or Participants, except with the prior approval of our Shareholders in general meeting.

If amended, the rules of the Share Option Scheme III or the terms of the Options must still comply with the relevant requirements of Chapter 17 of the Hong Kong Listing Rules and of the Singapore Listing Manual then in force.

Shareholders who are Grantees or Participants shall abstain from voting at any general meeting on any proposed alteration to the Share Option Scheme III.

Written notice of any modification or alteration made in accordance with this Rule 14 of the rules of the ESOS III shall be given to all Participants.

(w) Termination of Scheme

Our Company by ordinary resolution in general meeting or the Committee may at any time terminate the operation of the Share Option Scheme III and in such event no further Options shall be offered but in all other respects the provisions of the Share Option Scheme III shall remain in full force and effect. Options granted prior to such termination but not exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme III.

Present status of the Share Option Scheme III

As of the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme III. An application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the 37,272,000 Shares that may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme III. The Share Option Scheme III complies with Chapter 17 of the Hong Kong Listing Rules.

14. Indemnity

Leung Chun Wah and Global Success have signed the deed of indemnity on November 14, 2013 in favor of our Group whereby Leung Chun Wah and Global Success have agreed to indemnify us against any fines and penalties we might incur from the non-compliance in relation to the defective properties.

15. Tax liabilities

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

16. Litigation

As of the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Company.

17. Sponsor

Our Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of and permission to deal in our Shares in issue as mentioned in this Listing Document.

18. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice that are included in this Listing Document:

Name	Qualification
Octal Capital Limited	Licensed to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO, acting as the sponsor of the Listing
Deloitte Touche Tohmatsu	Certified Public Accountants
Appleby	Bermuda barristers and attorneys
Haiwen & Partners	Qualified PRC lawyers
DTZ Debenham Tie Leung Limited	Property Valuer
RSM Nelson Wheeler Consulting Limited	Internal control consultant

19. Consents of experts

Each of Octal Capital Limited, Deloitte Touche Tohmatsu, Appleby, Haiwen & Partners, DTZ Debenham Tie Leung Limited and RSM Nelson Wheeler Consulting Limited has given and has not withdrawn its written consent to the issue of this Listing Document with copies of its reports, valuation, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

20. Promoters

Our Company does not have any promoter for the purposes of the Hong Kong Listing Rules.

21. Taxation and holder of Shares

Hong Kong

The sale, purchase and transfer of Shares registered with the Hong Kong Branch Share Register will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealing in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Singapore

Dividend distribution

As our Company is incorporated in Bermuda and is not tax resident in Singapore, dividends paid by our Company would be considered to be foreign sourced income.

Dividends paid by our Company will be exempt from Singapore income tax when received by a Singapore tax resident individual investor (except through a partnership) if the Comptroller of Income Tax (the "**Comptroller**") is satisfied that the tax exemption would be beneficial to the individual.

Dividends paid by our Company and received by a Singapore tax resident individual investor through a partnership in Singapore will also be exempt from Singapore income tax, if certain prescribed conditions for tax exemption are met by the individual investor. These conditions are:

(a) The income is subject to tax of a similar character to income tax under the law of the territory from which such income is received;

(b) At the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

(c) The Comptroller is satisfied that the tax exemption would be beneficial to the taxpayer concerned.

Dividends paid by our Company and received by a Singapore corporate investor will also be subject to Singapore income tax, unless the prescribed conditions for exemption as set out above are satisfied, in which case the dividends would be exempt from tax when received in Singapore. Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore with respect to such conditions. In particular, pursuant to a tax concession granted with effect from July 30, 2004, the tax exemption has been extended to specified foreign income which is exempted from tax of a similar character to income tax in the foreign jurisdiction as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities therein, provided that the conditions in (b) and (c) above are also met.

Where dividends paid by our Company are subject to Singapore income tax when received by a Singapore tax resident individual investor through a partnership in Singapore or by a Singapore corporate investor, the investor may be able to claim foreign tax credits.

Investors are advised to consult their own tax advisers in respect of the tax consequences of their investments in our Shares.

Gains on disposal of ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of our Shares that are construed to be of an income nature will be subject to tax. Hence, any profits from the disposal of our Shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of our Shares would be taxable. Similarly, if the gains are regarded by the Inland Revenue Authority of Singapore as having arisen from the carrying on of a trade or business in Singapore, such gains may be taxed as trading income.

In addition to the above, the Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax: Certainty of Non-taxation of Companies' Gains on Disposal of Equity Investments" in order to provide greater upfront certainty to companies which derive gains from disposal of equity investments ("**Certainty of Non-taxation Circular**"). According to the Certainty of Non-taxation Circular, gains derived from the disposal of ordinary shares by companies will not be taxed if the divesting company has immediately prior to the date of the share disposal held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. This tax treatment will only apply to disposals made during the period from June 1, 2012 to May 31, 2017 (both dates inclusive) and will not apply to divesting companies whose gains or profits from the disposal of shares are included as part of their income under section 26 of the Singapore Income Tax Act, as well as disposals of shares in unlisted investee companies that are in the business of trading or holding Singapore immoveable properties (other than the business of property development).

Stamp duty

Stamp duty is generally payable in Singapore on instruments of transfer relating to immovable property or stocks and shares that are first executed in Singapore or executed outside Singapore and subsequently received in Singapore. However, as our Company is incorporated in Bermuda and our Shares are not registered in any register kept in Singapore, no stamp duty is payable in Singapore on any instrument of transfer upon a sale or gift of our Shares. Stamp duty is also not applicable to electronic transfers of our Shares through CDP.

Bermuda

Under present Bermuda law, transfers and other dispositions of shares are exempt from Bermuda stamp duty.

Consultation with professional advisers

Potential holders of our Shares are recommended to consult their professional advisers if they are in any doubt about the taxation implications of the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares. It is emphasized that none of our Company, our Sponsor, any of their respective directors, agents, employees, advisers or affiliates or any other person involved in the Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

22. Register of members and branch register of members

The Bermuda Principal Share Register will be maintained at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the Hong Kong Branch Share Register will be maintained in Hong Kong by Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong. Unless our Directors otherwise agree, all transfers and other documents of title of Shares that are traded on the Stock Exchange must be lodged for registration with and registered by, the Hong Kong Branch Registrar in Hong Kong and may not be lodged in Bermuda.

23. Miscellaneous

Save as disclosed herein, within the two years preceding the date of this Listing Document:

(a) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(c) there have been no interruptions in our business that may have or have had a significant effect on our financial position in the last 12 months.

Within the two years preceding the date of this Listing Document:

(a) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries; and

(b) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

24. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since July 31, 2013 (being the date to which the latest audited combined financial statements of our Company were made up as set out in Appendix I to this Listing Document).

25. Bilingual documents

The English language and Chinese language version of this Listing Document are being published separately. This Listing Document is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language version of this Listing Document and the Chinese translation, the English language version of this Listing Document shall prevail.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Jones Day at 31st Floor, Edinburgh Tower, The Landmark, 15 Queens' Road Central, Hong Kong during normal business hours up to and including the date that is 14 days from the date of this Listing Document:

(a) the Memorandum of Association and the Bye-laws;

(b) the Accountants' Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Listing Document;

(c) the Unaudited Interim Condensed Consolidated Financial Statements prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this Listing Document;

(d) the audited consolidated financial statements of our Group for each of the two financial years ended March 31, 2012 and 2013, respectively;

(e) the property valuation report relating to our Group's property interests prepared by DTZ Debenham Tie Leung Limited, the text of which is set out in Appendix III to this Listing Document;

(f) the letters of advice issued by Appleby summarizing certain aspects of Bermuda company law as referred to in Appendix IV to this Listing Document;

(g) the material contracts referred to in the paragraph headed "Summary of material contracts" under the section headed "Further Information about the Business of our Company" in Appendix VI to this Listing Document;

(h) the service agreements and appointment letters referred to in the paragraph headed "Particulars of Directors' service contracts" under the section headed "Further Information about Directors and Shareholders" in Appendix VI to this Listing Document;

(i) the written consents referred to in the paragraph under the section headed "Qualifications of experts" in Appendix VI to this Listing Document;

(j) the rules of Share Option Scheme II;

(k) the rules of Share Option Scheme III;

(l) a list of grantees of the options granted by us under Share Option Scheme II; and

(m) the PRC legal opinions issued by Haiwen & Partners, our legal advisors on PRC law, in respect of certain aspects of our Group and the property interests of our Group in the PRC.

In addition, prospective investors and/or Shareholders can access copies of the following documents via the following weblinks:

The Singapore Companies Act
http://statutes.agc.gov.sg/

The Singapore SFA
http://statutes.agc.gov.sg/

The Singapore Code
http://www.mas.gov.sg

The Singapore Listing Manual
http://www.sgx.com/wps/portal/corporate/cp-en/listing_on_sgx/listing_manual

Bermuda Act
http://www.bma.bm/legislation/Companies/Companies%20Act%201981.pdf

Any information contained in, or that can be accessed via, the above websites does not constitute or form part of this Listing Document.

WILLAS-ARRAY

威雅利電子（集團）有限公司

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED