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WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

威雅利電子(集團)有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong stock code: 854)

(Singapore stock code: BDR)

UPDATE ANNOUNCEMENT ON LITIGATION INVOLVING A WHOLLY-OWNED SUBSIDIARY

This announcement is made by the board of directors (the “Board”) of Willas-Array Electronics (Holdings) Limited (the “Company” and together with its subsidiaries, the “Group”) to update the shareholders and potential investors of the Company on the development of the legal proceedings disclosed in the announcement of the Company dated July 8, 2019 (the “2019 Announcement”) and the announcement of the Company dated March 31, 2020 (the “March 2020 Announcement”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”) and the Inside Information Provisions (as defined in the HK Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as well as the Listing Manual of Singapore Exchange Securities Trading Limited. Capitalized terms used in this announcement shall have the same meanings as defined in the 2019 Announcement and the March 2020 Announcement unless the context requires otherwise.

The Company was informed by Array China (an indirect wholly-owned subsidiary of the Company) that, since the Enforcement Action 1 has made no substantial progress in terms of the recovering of the Judgment Sum in Claim 1, Array China has initiated an insolvent liquidation proceeding at the No. 3 Intermediate People’s Court of Shanghai Municipality (上海市第三中級人民法院) (the “No. 3 Shanghai Intermediate Court”) against Shanghai Wind Communication (Group) Company Limited (上海與德通訊(集團)有限公司, “Wind Group”), being one of the Defendants in Claim 1 whose previous name was Shanghai Wind Communication Technologies Co Ltd (i.e. “Shanghai Wind”) (上海與德通訊技術有限公司) (the “Liquidation Application against Wind Group”). As advised by PRC lawyers for Array China, the liquidation application was only initiated by Array China against Wind Group and not the other Defendant in Claim 1, Wind Technology, as Wind Group is the holding company of Wind Technology. The No. 3 Shanghai Intermediate Court had registered the Liquidation Application against Wind Group on May 9, 2020.

Financial Impact

As stated in the March 2020 Announcement, the Board does not anticipate that the failure to recover the Judgment Sum in Claim 1 would have any significant financial impact on the Group, as part of the value of the uncollected trade debts under Claim 1 would be covered by trade credit insurance purchased by the Group and the impairment loss on the Remaining Debt under Claim 1 had been fully recognized in the consolidated financial statements of the Group as at September 30, 2019. As the Liquidation Application against Wind Group is still in the initial stage, the Board is of the view that it is difficult to assess whether there will be any significant positive financial impact on the Group.

For completeness, as stated in the March 2020 Announcement, Array China had also obtained Enforcement Action 2 against Wind Group and Wind Technology in respect of Claim 2. As of the date of this announcement, the Enforcement Action 2 has made no substantial progress in terms of the recovering of the Judgment Sum in Claim 2. In any event, as disclosed in the March 2020 Announcement, the Group had already recognised an impairment loss on trade receivables in the consolidated financial statements of the Group for the financial year ended March 31, 2019, which substantially covers the amount sought under Claim 2. Accordingly, the Board does not anticipate that any failure to recover the Judgment Sum in Claim 2 would have any significant financial impact on the Group or that any further impairment loss will be required in this respect.

The Company will keep the shareholders of the Company and potential investors informed of any further material developments in connection with the above legal proceedings by way of further announcements as and when appropriate.

By Order of the Board
Willas-Array Electronics (Holdings) Limited
Leung Chun Wah
Chairman and Executive Director

Hong Kong/Singapore, May 14, 2020

As at the date of this announcement, the Board comprises four Executive Directors, namely Leung Chun Wah (Chairman), Kwok Chan Cheung (Deputy Chairman), Hon Kar Chun (Managing Director) and Leung Hon Shing; and three Independent Non-executive Directors, namely Jovenal R. Santiago, Wong Kwan Seng, Robert and Iu Po Chan, Eugene.

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.