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**WILLAS-ARRAY**  
**WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED**  
**威雅利電子(集團)有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Hong Kong stock code: 854)**  
**(Singapore stock code: BDR)**

**DISPUTE INVOLVING ASSOCIATED COMPANY**

The board of directors (the "Board") of Willas-Array Electronics (Holdings) Limited (the "Company" and together with its subsidiaries, the "Group") refers to the announcement dated September 16, 2015 ("September 16 Announcement") in relation to the termination of the respective authorised distributorship agreements between each of Toshiba Electronics Asia, Ltd. ("Toshiba Asia") and Toshiba Electronics (China) Co., Ltd., and the Company's associated company, GW Electronics Company Limited ("GW Electronics").

The Company has been informed by GW Electronics that following the termination of the authorised distributorship agreement with Toshiba Asia, Toshiba Asia has alleged that GW Electronics is required to make certain payments to Toshiba Asia in connection with the aforementioned termination. The aggregate amount of the alleged outstanding payments is approximately HK\$131 million (the "Alleged Amounts"). To GW Electronics' understanding, there was no agreement or consensus between GW Electronics and Toshiba Asia that the Alleged Amounts were payable (the "Matter").

Owing to differences in understanding, GW Electronics and Toshiba Asia subsequently entered into a series of discussions in a bid to clarify and resolve the Matter, to no avail.

GW Electronics is currently taking legal advice on the Matter and will, in consultation with its legal advisers, consider the necessary steps to be taken to protect its interests.

As at the date of this announcement, GW Electronics has not been served or notified of any legal proceedings by Toshiba Asia against GW Electronics in relation to the Alleged Amounts.

GW Electronics is an associated company of the Company, which is incorporated in Hong Kong. The Company currently indirectly holds 49% of the paid-up share capital of GW Electronics. The remaining 51% of GW Electronics is owned by G.M.I. Technology Inc., an electronics distributor based in Taiwan and listed on the Taiwan Stock Exchange.

As GW Electronics is a limited liability corporation, the Group's maximum potential exposure to any legal claim by Toshiba Asia against GW Electronics will be limited to the Group's equity interest in GW Electronics. For the avoidance of doubt, the Group has not extended any corporate guarantees to, or indemnities in favour of, Toshiba Asia in respect of GW Electronics.

As the outcome of the dispute between Toshiba Asia and GW Electronics is not certain, the Board is evaluating and considering whether to make any further impairment of its investment in GW Electronics and the amount thereof. Any such further impairment will further affect the income statement of the Group for the financial year ending March 31, 2016. The Group's total investment cost in GW Electronics was HK\$98 million and the Group's profit sharing of GW Electronics in the previous years was approximately HK\$10 million. An aggregate HK\$64.2 million in impairment and share of loss of GW Electronics has already been accounted for and reflected in the Group's financial results for the first half year ended September 30, 2015.

The Board will continue to provide updates to the Shareholders as necessary in the event it has information from GW Electronics on material developments to the Matter.

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

Hong Kong/Singapore, February 29, 2016

*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.*