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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 ON DISPUTE INVOLVING ASSOCIATED COMPANY

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”) 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 in accordance with Rule 703 of the Listing Manual of Singapore Exchange Securities Trading Limited.

The Board refers to the announcement dated October 10, 2018 relating to the ongoing dispute between GW Electronics Company Limited (“GW Electronics”), an associated company of the Company, and a PRC company known as 深圳市勁升迪龍科技發展有限公司 (Shenzhen Municipal DTT Technology Development Company Limited) (“DTT”).

The Company was informed by GW Electronics that:

1. GW Electronics had on January 28, 2019 as plaintiff commenced legal action in the Intermediate People’s Court of Shenzhen Municipality, Guangdong Province of the People’s Republic of China (廣東省深圳市中級人民法院) (the “Intermediate Court of Shenzhen”) against DTT and other five defendants who are associated persons of DTT (the “DTT Associates”, and together with DTT, the “Defendants”) (the “Action against DTT”), which court accepted the Action against DTT on April 2, 2019 in respect of GW Electronic’s claim on a debt owed by DTT to GW Electronics of approximately HKD89,272,000 (the “Original Claim Amount”) which was guaranteed by the DTT Associates.

2. After the commencement of the Action against DTT, DTT had repaid to GW Electronics an aggregate sum of HKD5,500,000 (the “Initial Repayment”) in July 2019 and August 2019.
3. The Defendants and GW Electronics had come to a final written settlement (the “Settlement”) of the Action against DTT on December 6, 2019 (the “Effective Date of the Settlement”) along the following key terms:
 - (1) The Defendants shall repay to GW Electronics an aggregate sum of HKD50,000,000 (including the Initial Repayment) in final settlement of the Action against DTT. Accordingly, after deducting the Initial Repayment, the aggregate remaining amount due to GW Electronics is equal to HKD44,500,000 (the “Outstanding Settlement Sum”), which shall be paid in monthly installments of not less than HKD500,000 each. In consideration of the foregoing, GW Electronics has agreed to waive the remaining portion of the Original Claim Amount in the value of approximately HKD39,272,000 (being the Original Claim Amount of approximately HKD89,272,000 less HKD50,000,000).
 - (2) DTT is liable to pay GW Electronics the full Outstanding Settlement Sum, except in the following two scenarios:
 - a. If DTT repays to GW Electronics an aggregate amount of HKD29,500,000 within 3 years from the Effective Date of the Settlement, GW Electronics will agree to waive the remaining part of the Outstanding Settlement Sum which will remain outstanding at such point in time, i.e. HKD15,000,000 (being the Outstanding Settlement Sum of HKD44,500,000 less HKD29,500,000). In this situation, the aggregate amount which GW Electronics would have received from DTT in respect of the Original Claim Amount would be HKD35,000,000.
 - b. If DTT repays to GW Electronics an aggregate amount of HKD39,500,000 within 4 years from the Effective Date of the Settlement, GW Electronics will agree to waive the remaining part of the Outstanding Settlement Sum which will remain outstanding at such point in time, i.e. HKD5,000,000 (being the Outstanding Settlement Sum of HKD44,500,000 less HKD39,500,000). In this situation, the aggregate amount which GW Electronics would have received from DTT in respect of the Original Claim Amount would be HKD45,000,000.
 - (3) The DTT’s Associates have jointly and severally accepted full responsibility for the Outstanding Settlement Sum.
4. The Intermediate Court of Shenzhen had on December 6, 2019 prepared a civil consent judgment (民事調解書) based on the Settlement, through which, the Intermediate Court of Shenzhen confirmed that the content of the Settlement is not in breach of laws and the Settlement had taken effect on the Effective Date of the Settlement.

GW Electronics is incorporated in Hong Kong with a limited liability and is an associated company of the Company. 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 Corporation.

The Group had recognized an impairment loss on the interest in an associate, GW Electronics, in the Group's financial statements for the year ended March 31, 2016, therefore the Board does not consider there will be any significant impact on the overall financial condition and/or operations of the Group even if DTT does not fulfil its obligations under the Settlement.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company, and, in case of doubt, to seek independent advice from professional or financial advisers.

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

Hong Kong/Singapore, December 11, 2019

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.