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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 announcements of the Company dated July 8, 2019 (the “2019 Announcement”), March 31, 2020 (the “March 2020 Announcement”) and May 14, 2020 (the “May 2020 Announcement”) (together “Previous Announcements”) 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 Previous Announcements unless the context requires otherwise.

As stated in the May 2020 Announcement, Array China (an indirect wholly-owned subsidiary of the Company) has in 2020 initiated insolvent liquidation proceedings against Wind Group, the No. 3 Shanghai Intermediate Court on May 9, 2020 has registered the Liquidation Application against Wind Group. Following this, the No. 3 Shanghai Intermediate Court on June 15, 2020 has ruled that the Liquidation Application against Wind Group was accepted and a bankruptcy administrator (“Wind Group Administrator”) was appointed by the No. 3 Shanghai Intermediate Court to carry out the liquidation process against Wind Group.

The Company has recently been informed by Array China that PRC legal counsel has received copies of civil rulings of the No. 3 Shanghai Intermediate Court , which state, among others, that:-

- (a) The Judgment Sum in Claim 1 and the Judgment Sum in Claim 2 owed by Wind Group to Array China are categorized as ordinary creditors' rights under laws of PRC;
- (b) Total bankruptcy property received by Wind Group Administrator is approximately RMB 2,027,000 ("Bankruptcy Property");
- (c) There are no assets available to distribute to ordinary creditors (including Array China) after distributing the Bankruptcy Property to preferential creditors, which includes:
 - (i) the expenses incurred by Wind Group Administrator for the bankruptcy proceedings, the amount of which is approximately RMB 247,000;
 - (ii) reserved funds that may be further incurred by Wind Group Administrator for the bankruptcy proceedings in the future, the amount of which is approximately RMB 10,000; and
 - (iii) the creditors' rights of employees of Wind Group, the amount of which is approximately RMB 1,770,000.
- (d) Wind Group Administrator has on December 30, 2021 applied to the No. 3 Shanghai Intermediate Court to close the bankruptcy proceedings against Wind Group and the No. 3 Shanghai Intermediate Court has accordingly entered into a civil ruling on the same day approving the conclusion of the bankruptcy proceedings against Wind Group.

The Board does not consider the legal proceedings against Wind Group to have significant financial impact on the Group because (i) an insurance claim of HK\$10.5 million for part of the amounts in Claim 1 was received and recognized as other income for the financial year ended March 31, 2020, and (ii) the Group had fully recognized the impairment loss on trade receivables of HK\$29.2 million in the consolidated financial statements of the Group as at March 31, 2020 for the remaining balances for the amounts in Claim 1 and Claim 2.

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

Hong Kong/Singapore, August 23, 2022

As at the date of this announcement, the Board comprises one Non-executive Director, Leung Chun Wah (Chairman); three Executive Directors, namely Hon Kar Chun (Managing Director), Leung Hon Shing and Leung Chi Hang Daniel; and three Independent Non-executive Directors, namely Lim Lee Meng, Tang Wai Loong Kenneth and Tong Kai Cheong.

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