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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)**

**RESPONSES TO QUERIES  
FROM SINGAPORE EXCHANGE REGULATION ON THE COMPANY'S  
ANNUAL REPORT FOR THE YEAR ENDED MARCH 31, 2023**

Willas-Array Electronics (Holdings) Limited (the “Company”) refers to its annual report for the year ended March 31, 2023 (“Annual Report”). The Company wishes to inform the shareholders and prospective investors of the Company that it has received the following queries from Singapore Exchange Regulation (“SGX RegCo”) on July 7, 2023 in relation to the Annual Report, and the Company’s responses to SGX RegCo’s queries are as follows.

Unless otherwise defined, all capitalised terms used in the Company’s responses shall have the same meanings as ascribed to them in the Annual Report.

**SGX RegCo’s Query 1:**

*Listing Rule 715(2) states that the Company should “must engage a suitable accounting firm for its significant foreign-incorporated subsidiaries and associated companies”. We note that the Company stated on page 233 of its Annual Report that 4 of its subsidiaries were audited by Shanghai Hddy Certified Public Accountants Co., Ltd. and other local audit firms in the PRC/Taiwan.*

*With regard to these subsidiaries:-*

*(i) Please clarify whether these entities are significant foreign-incorporated subsidiaries and associated companies; and*

*(ii) Please provide the Audit Committee and Board's basis of assessment for the suitability of the audit firms for the entities, including their size, track record in auditing similar listed issuers or its subsidiaries within the relevant jurisdictions, accreditations or qualifications relevant to the jurisdiction or internationally, experience of the audit firms and audit partners providing the audit opinion.*

### Company's Response:

Based on the requirements of Rule 718 of the SGX Listing Manual, Willas-Array Electronics (Shanghai) Limited, Willas-Array Electronics (Shenzhen) Limited and Willas-Array Electronics (Taiwan) Inc ("WAT") are significant subsidiaries of the Company as the pre-tax profits of each of these entities accounted for 20% or more of the Company's consolidated pre-tax profits for the financial year ended March 31, 2023 ("FY2023").

For Winstar Smart Technology (Suzhou) Company Limited ("WSS"), WSS does not contribute positively to the Company's consolidated pre-tax profits as WSS is loss-making for the period. The net tangible assets of WSS represent only around 1% of the Company's consolidated net tangible assets for FY2023, and WSS did not have any sales revenue in FY2023. Accordingly, the Board is of the view that WSS should not be regarded as a significant foreign-incorporated subsidiary.

The identities of the auditing firms for each of the foregoing subsidiaries are as set out in the table below. For each of these subsidiaries, there was no change in the audit firm used in FY2023 and the immediately preceding financial year ended March 31, 2022. To be clear, the Company's external auditor, Deloitte Touche Tohmatsu ("Deloitte Hong Kong") also continues to perform audit work on the above-named subsidiaries for consolidation purposes.

<b>Name of subsidiary</b>	<b>Place of establishment</b>	<b>Name of audit firm</b>
Willas-Array Electronics (Shanghai) Limited	The People's Republic of China (the "PRC")	Shanghai HDDY Certified Public Accountants Co., Ltd. (a member firm of Nexia)
Willas-Array Electronics (Shenzhen) Limited	PRC	Shenzhen Tiandalianhe Accounting Firm (General Partnership)
Willas-Array Electronics (Taiwan) Inc.	Taiwan	Whole Time & Co., CPAs
Winstar Smart Technology (Suzhou) Company Limited	PRC	Shanghai HDDY Certified Public Accountants Co., Ltd. (a member firm of Nexia)

The Board and the Audit Committee have considered the following experience and profile of the various audit firms and audit partners providing the audit opinions, and were satisfied that the appointment of the audit firms would be in compliance with Rule 716:

(a) Shanghai HDDY Certified Public Accountants Co., Ltd. (“Shanghai HDDY”)

Shanghai HDDY has been engaged to audit Willas-Array Electronics (Shanghai) Limited (“SWA”) since 2003. WSS was incorporated in March 2022, and Shanghai HDDY has also been appointed as its auditor for the financial year ended March 31, 2023. Shanghai HDDY was established in the PRC in 1987 and has over 120 certified public accountants. In 2019, it was ranked 74<sup>th</sup> in the top 100 Chinese CPA Firms’ list. It is also a member firm of Nexia, which is an international accounting and consulting firm. It has a wide-ranging clientele base including companies incorporated in the PRC in the trading business. Zhao Jiong and Fang Jun are the audit partners in charge of the audit of SWA and WSS, respectively. They have experience in auditing companies in similar business activities as the foregoing subsidiaries in the PRC. Zhao Jiong has been a certified public accountant since 2007 while Fang Jun has been a certified public accountant since 2000, both of them have extensive public accounting experience in the PRC. They also have extensive experience in the audits of companies in various industries and have strong industry experience in industrial, technology and trading business.

(b) Shenzhen Tiandalianhe Accounting Firm (General Partnership) (“Shenzhen Tiandalianhe”)

Shenzhen Tiandalianhe has been engaged to audit Willas-Array Electronics (Shenzhen) Limited since 2014. Shenzhen Tiandalianhe was established in the PRC in 2008 and has 10 certified public accountants. Hou Yan Qin is the audit partner in charge of the audit of the foregoing subsidiary. She has experience in auditing companies in similar business activities as the foregoing subsidiary in the PRC. She has been a certified public accountant since 1998 and has extensive public accounting experience in the PRC. She also has extensive experience in the audits of companies in various industries and strong industry experience in the industrial and trading business.

(c) Whole Time & Co., CPAs (“Whole Time”)

Whole Time has been engaged to audit WAT since 2005. Whole Time was established in Taiwan in 1993 and has 7 certified public accountants. Wu Shu Yuan is the audit partner in charge of the audit of the foregoing subsidiary. She has experience in auditing companies in similar business activities as the foregoing subsidiary in Taiwan. She has been a certified public accountant since 1986 and has extensive public accounting experience in Taiwan. She also has extensive experience in the audits of companies in various industries and a strong industry experience in the technology and trading businesses.

## **SGX RegCo's Query 2:**

*Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.2 of the Code as Independent directors do not make up a majority of the Board when your Chairman is not independent. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.*

## **Company's Response:**

As stated on page 83 of the Company's Annual Report 2022/23, the Company notes that its Board composition for FY2023 was a variation from Provision 2.2 and Provision 2.3 of the Code. Notwithstanding the foregoing, the Board is of the view that its current composition is consistent with the intent of Principle 2 of the Code as there is sufficient diversity in the skills, experience and knowledge of Board members based on the Company's present size and operations. Through its Board Diversity Policy, the Company aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group's business.

As a starting point, the Company complies with Rule 210 (5)(c) of the SGX-ST Listing Manual which requires, among others, that the board must have at least two non-executive directors who are independent and free of any material business or financial connection with the Company, and independent directors must comprise at least one-third of the board.

Throughout FY2023, the Board comprised three independent non-executive directors who have various educational, professional and working experience from diverse backgrounds, including accounting and finance, legal and banking industry. The independent non-executive directors contribute effectively to the Board's decision-making process by rigorously examining all proposals tabled to the Board and by engaging the Board and management in constructive debates, so as to avoid groupthink. The Board as a whole considers all inputs and endeavours to obtain consensus from all directors before proceeding with any decision.

In addition, the three key Board Committees, being the Audit Committee, Nomination Committee, Remuneration Committee, as well as the Compliance Committee, solely comprise independent directors. The presence of independent directors on these committees provides additional checks and balances in the management and the decision-making of the Board.

Throughout FY2023, the Lead Independent Director also acted as an additional check and balance in view of the non-independent Chairman.

As described on Page 83 of the Company's Annual Report 2022/23, the Board has plans to rectify the variation from Provisions 2.2 and 2.3 of the Code by appointing more new independent directors in order for independent non-executive directors to make up a majority of the Board, if suitable candidates are identified in this financial year. As further stated on Page 43 of the Company's Annual Report 2022/23, the Board also intends to improve gender diversity, and has committed to appointing a female director before the end of 2024.

By Order of the Board  
**Willas-Array Electronics (Holdings) Limited**  
**Leung Hon Shing**  
*Executive Director and Company Secretary*

Hong Kong/Singapore, July 21, 2023

*As at the date of this announcement, the Board comprises two Non-executive Directors, namely Xie Lishu (Chairman) and Huang Shaoli; two Executive Directors, namely Hon Kar Chun (Managing Director) and Leung Hon Shing; 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.*