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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 ANNOUNCEMENTS IN RELATION TO RESIGNATION OF A DIRECTOR

Willas-Array Electronics (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) has received certain queries (collectively the “**Queries**”) from Singapore Exchange Regulation (“**SGX RegCo**”) on September 15, 2023 regarding the announcement dated September 8, 2023 pertaining to the Response to SGX Queries in connection with the Company’s announcement dated May 19, 2023 on Changes to the Board and Board Committee Composition (the “**Announcements**”). The Queries and the Company’s responses to the Queries are set out in full as follows.

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

SGX RegCo’s Query 1:

In response to SGX RegCo’s Query 3 (b), the Company disclosed that Mr. Hon “had reminded Mr. Xie that non-executive directors, inter alia, should observe non-competition requirements and other obligations under the Undertaking as described in the announcement of the Company which was made on May 19, 2023”. The Company further stated that “The aforementioned interventions were eventually guarded as Mr. Hon (together with other senior management) have taken or caused to be taken corresponding measures in a timely manner.”

Please disclose as follow:

- a. *In respect of the “non-competition requirements and other obligations under the Undertaking” that Mr. Xie had undertaken, to elaborate on the additional steps and the Company’s plan or existing controls in place, whichever applicable, to prevent incidents of the same nature from occurring again in the future.*
- b. *With reference to the mentioned Company’s Announcement on 19 May 2023, the Company detailed 4 measures that it is prepared to adopt/has adopted “in order to implement effective conflict of interests management and delineate the business of the Company from that of Shanghai YCT”, which Mr. Xie is the director and controlling shareholder of. Please disclose the current status of the adoption and/or implementation for the different measures.*
- c. *Please explain how were the “aforementioned interventions were eventually guarded”. To also disclose what are the “corresponding measures” taken by Mr. Hon and other senior management “in a timely manner”.*

Company’s Response:

Response to Query 1a.:

The Company has taken the following measure to prevent incidents of the same nature from occurring again in the future:

Mr. Leung Hon Shing (“**Mr. Leung**”) has instructed its Hong Kong legal counsel to prepare a detailed written policy (the “**Guidelines**”) in relation to identifying, reporting and administrating connected transactions and continuing connected transactions in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and intends to submit the Guidelines to the audit committee of the Company for its consideration and adoption in due course.

Response to Query 1b.:

The current status of the adoption and/or implementation for the different measures is as follows:

- (1) Measure 1: restricting the Appointed Directors from participating in the management of the Company’s daily operations.
 - (i) Since the appointment of the Appointed Directors on May 20, 2023 until August 11, 2023, the then board members of the Company had been aware of the need to restrict the Appointed Directors from participating in the management of daily operations of the Company’s business. Please refer to Response to Query 1a above for details.

- (ii) From August 11, 2023 onwards, major changes occurred in the composition of the board of the Company (the “**New Board Members**”), whereby Mr. Chong Eng Wee, Mr. Lau Chin Huat, Mr. Tso Sze Wai and Dr. Jiang Maolin were appointed as independent non-executive directors (“**INEDs**”) of the Company. The New Board Members hold the same view of the then board members in (1) (i) above and will actively intervene, in accordance with the Guidelines, to restrict the Appointed Directors from participating in the management of daily operations of the Company’s business.
- (2) Measure 2: having a sufficient number of independent directors, who have requisite knowledge, industry experience and expertise, on the Board to advise on the transactions and business decisions (where there may be a potential conflict of interests), whilst the Appointed Directors would abstain from voting
- (i) There is a sufficient number of independent directors, with five INEDs on the board of the Company as of the date of this announcement.
- (ii) Even after the resignation of Mr. Tong Kai Cheong on November 1, 2023, there will still be four INEDs remaining on the Board. The four newly-appointed INEDs are professionals with legal and accounting background, and experience across various industries and have the ability to advise on the transactions and business decisions (where there may be a potential conflict of interests). The industry experience and expertise of the four newly-appointed INEDs have been detailed in the Company’s announcements dated August 24, 2023.
- (3) Measure 3: the Appointed Directors having provided an enforceable non-competition undertaking in favour of the Company
- (i) The Appointed Directors have signed and furnished the Undertaking in favour of the Company on May 19, 2023.
- (4) Measure 4: the Appointed Directors having granted a right of first refusal to the Company on behalf of Shanghai YCT where it is aware of a new business opportunity relating to the business conducted by the Company or intends to dispose of the competing business
- (i) The right of first refusal regarding new business opportunity and disposal of the competing business has been granted by the Appointed Directors to the Company on behalf of Shanghai YCT through the Undertaking.
- (ii) As of the date of this announcement, there have been, and there are no events which triggered the right of first refusal.

Response to Query 1c.:

- (1) Upon becoming aware of the potential transactions contemplated by middle management staff of the Group involving the sale of products from a current supplier of the Company (the “**Products**”) by the Company to connected persons of the Company and/or the purchase of the Products from connected persons of the Company, Mr. Hon Kar Chun (“**Mr. Hon**”) and Mr. Leung stopped the furtherance of the contemplated transactions and they took the measure mentioned in the Response to Query 1a.
- (2) The “corresponding measures” taken by Mr Hon and other senior management refer to their aforesaid actions of stopping the furtherance of the contemplated transactions and in this sense the interventions of the Appointed Directors “were eventually guarded” against as at the date when the relevant announcements of the Company were issued.

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

Hong Kong/Singapore, September 20, 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 five Independent Non-executive Directors, namely Chong Eng Wee, Tong Kai Cheong, Lau Chin Huat, Tso Sze Wai and Jiang Maolin.

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