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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO MASTER SUPPLY FRAMEWORK AGREEMENT

On December 1, 2023, the Company has entered into the Master Supply Framework Agreement with Shanghai YCT, pursuant to which the Group agreed to supply semiconductor electronic component products to Shanghai YCT Group.

LISTING RULES IMPLICATION

Shanghai YCT is a Substantial Shareholder of the Company interested in 21.24% of the Shares through its wholly-owned subsidiary, Texin (HongKong) Electronics Co. Limited (香港雅創台信電子有限公司) and is ultimately controlled by Mr. Xie Lishu and Ms. Huang Shaoli, the non-executive Directors of the Company, thus Shanghai YCT is a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules and an interested person pursuant to Chapter 9 of the Singapore Listing Rules. As such, the transactions contemplated under the Master Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules and interested party transactions of the Company under Chapter 9 of the Singapore Listing Rules.

As each of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) relating to the proposed annual cap under the Master Supply Framework Agreement between the Group and Shanghai YCT Group is less than 25% and the proposed annual cap is less than HK\$10,000,000, the transactions contemplated under the Master Supply Framework Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempted from the independent shareholders' approval requirements.

As the proposed annual cap under the Master Supply Framework Agreement is less than 3% of the Group's latest audited net tangible assets, the transactions contemplated under the Master Supply Framework Agreement are not subject to the announcement requirements under the Singapore Listing Rules and are also exempted from the shareholders' approval requirements under the Singapore Listing Rules.

Due to their interests in Shanghai YCT, Mr. Xie Lishu, the Chairman and a non-executive Director and Ms. Huang Shaoli, a non-executive Director, are regarded as having material interest in the transactions contemplated under the Master Supply Framework Agreement and have abstained from voting on the relevant resolutions of the Board for approving the Master Supply Framework Agreement. To the best of the Directors' knowledge, save for Mr. Xie Lishu and Ms. Huang Shaoli, none of the Directors have any material interest in the Master Supply Framework Agreement, and none of them are required to abstain from voting on the relevant resolutions of the Board.

BACKGROUND

On December 1, 2023, the Company has entered into the Master Supply Framework Agreement with Shanghai YCT, pursuant to which the Group agreed to supply semiconductor electronic components to Shanghai YCT Group.

MASTER SUPPLY FRAMEWORK AGREEMENT

Details of the Master Supply Framework Agreement are as follows:

Date:	December 1, 2023 (after trading hours)
Parties:	The Group as the supplier; and Shanghai YCT Group as the purchaser
Nature of the transaction:	The Group agrees to supply semiconductor electronic component products from time to time to Shanghai YCT Group in accordance with the Master Supply Framework Agreement.
Effective term:	The effective term of the Master Supply Framework Agreement will commence from the date of this Master Supply Framework Agreement, being December 1, 2023 to March 31, 2024 (both days inclusive).

Pricing policy

The terms of the sales shall be determined with reference to prevailing market prices and be on terms no less favourable to the Group than those made available to independent third parties of the same or comparable kind of semiconductor electronic component products.

The prices of the semiconductor electronic component products will be determined on a cost-plus basis, which is determined by the direct costs of the semiconductor electronic component products acquired by the Group plus a profit margin to be agreed upon. In order to ensure the terms of sales and profit margin are in line with prevailing market rates and conditions, the Group will compare selling prices of similar semiconductor electronic component products sold to other customers which are independent third parties, not less frequently than on a quarterly basis. The Group shall have the right to accept or reject the purchase transactions from Shanghai YCT Group and would only accept if the Group will profit from the sales and shall also take into account the Group's capacity to undertake the purchase transactions which are more profitable. The transactions shall be settled at such time and in such manner as specified in the relevant purchase orders.

Proposed annual cap and basis of determination

	For the year ending March 31,
Transaction	2024
	(HKD)
Provision of semiconductor electronic component products	9,800,000
	<u>9,800,000</u>

Basis of annual cap

There are no historical transaction amounts with respect to the transactions contemplated under the Master Supply Framework Agreement between the Group and Shanghai YCT Group. The proposed annual cap for the transactions contemplated under the Master Supply Framework Agreement is determined with reference to (i) the expected demand of the semiconductor electronic components from Shanghai YCT Group during the effective term of the Master Supply Framework Agreement; (ii) the cost of the semiconductor electronic component products; and (iii) the expected fluctuation of prices of the Group’s semiconductor electronic component products and exchange rate.

INTERNAL CONTROLS

In order to ensure that the terms under the Master Supply Framework Agreement are no less favourable than those offered by independent third parties, the Company has implemented internal control procedures and policies to monitor continuing connected transactions and policies and to ensure that all continuing connected transactions are entered into in accordance with pricing policies and are fair and reasonable in the interests of the Company and the Shareholders as a whole. Such measures include:

- (i) the Company will conduct regular checks to review and assess whether the continuing connected transactions are conducted in accordance with the purchase order and will also regularly update the market prices for the purpose of considering if the prices charged for a specific transaction are fair and reasonable and in accordance with its pricing policy;
- (ii) the external auditors of the Company will conduct an annual review on the terms and annual cap of the continuing connected transactions; and
- (iii) the audit committee of the Company will review at least once a year regarding the implementation and enforcement of the internal controls monitoring the continuing connected transactions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER SUPPLY FRAMEWORK AGREEMENT

The Company believes the entering into of the Master Supply Framework Agreement would constitute a good opportunity to strengthen the Group's ability to cope with the competitive market environment and would have the added benefit of securing an additional stable source of income.

The Board (including the independent non-executive Directors, but excluding Mr. Xie Lishu and Ms. Huang Shaoli whom have abstained from considering the Master Supply Framework Agreement) consider that the terms of the Master Supply Framework Agreement and the proposed annual cap are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

Information of the Group

The Company was incorporated as an exempted company with limited liabilities in Bermuda, with its shares listed and traded on the Main Board of Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange. The Group is principally engaged in the distribution of electronic components for use in the industrial, audio and video, telecommunications, home appliance, lighting, electronic manufacturing services and automotive segments, as well as the provision of engineering solutions.

Information of Shanghai YCT

Shanghai YCT is a well-known authorized distributor of electronic components and self-developed IC designer in the PRC. Shanghai YCT is engaged in the fields of automotive lighting, car cockpit and automobile wire-controlled chassis.

Shanghai YCT is headquartered in Shanghai, and its sales network covers the Asia-Pacific region. It has established offices in Kunshan, Shenzhen, Nanjing, Hangzhou, Tianjin, Hong Kong, Chongqing, and Foshan, as well as overseas subsidiaries in Seoul, South Korea, Singapore and India.

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Due to their interests in Shanghai YCT, Mr. Xie Lishu, the Chairman and a non-executive Director and Ms. Huang Shaoli, a non-executive Director, are regarded as having material interest in the transactions contemplated under the Master Supply Framework Agreement and have abstained from voting on the relevant resolutions of the Board for approving the Master Supply Framework Agreement. To the best of the Directors' knowledge, save for Mr. Xie Lishu and Ms. Huang Shaoli, none of the Directors have any material interest in the Master Supply Framework Agreement, and none of them are required to abstain from voting on the relevant resolutions of the Board.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Willas-Array Electronics (Holdings) Limited, an exempted company with limited liability incorporated in Bermuda, with its shares listed and traded on the Main Board of Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules
“Director(s)”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Master Supply Framework Agreement”	the agreement entered into between the Company and Shanghai YCT dated December 1, 2023, pursuant to which the Group agreed to supply electronic components to Shanghai YCT Group
“PRC”	the People's Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shanghai YCT”	Shanghai YCT Electronics Group Company Limited (上海雅創電子集團股份有限公司), a company established under the laws of the PRC, with its shares listed on the Shenzhen Stock Exchange (stock code: 301099)
“Shanghai YCT Group”	Shanghai YCT and its subsidiaries

“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Singapore Listing Rules”	Listing Rules of SGX-ST
“Substantial Shareholder”	has the same meaning ascribed thereto under the Hong Kong Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Willas-Array Electronics (Holdings) Limited
Xie Lishu
Chairman and non-executive Director

Hong Kong/Singapore, December 1, 2023

As at the date of this announcement, the Board comprises two non-executive Directors, namely Xie Lishu (Chairman) and Huang Shaoli; one executive Director, Fan Qinsheng; and four independent non-executive Directors, namely Chong Eng Wee, 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.