

**WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED**  
(the "**Company**")  
(Company Registration Number: 28969)  
(Incorporated in Bermuda)

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**ENTRY INTO DEPOSIT CONTRACT**

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**1. INTRODUCTION**

The Company wishes to announce that its indirect wholly-owned subsidiary, Willas-Array Electronics (Shanghai) Limited ("**WAE Shanghai**"), has on 14 May 2010 signed a deposit contract (the "**Deposit Contract**") with Shanghai Great Wall Development Company Limited ("**SGWDC**", and together with WAE Shanghai, the "**Parties**") in connection with the proposed acquisition (the "**Proposed Acquisition**") by WAE Shanghai from SGWDC of nine (9) office units on the 33rd storey of the International Corporate City located at 3000 North Zhongshan Road, Shanghai, the People's Republic of China ("**PRC**") (the "**Premises**").

The completion of the Proposed Acquisition is subject to, *inter alia*, (a) the entry by the Parties into a definitive sale and purchase agreement (the "**SPA**") for the acquisition of the Premises before 1 July 2010; (b) WAE Shanghai obtaining the necessary financing for the Proposed Acquisition; and (c) the receipt by the Company of approval from its shareholders for the Proposed Transaction pursuant to Rule 1014(2) of the Listing Manual of the Singapore Securities Exchange Trading Limited.<sup>1</sup>

**2. SALIENT TERMS OF THE DEPOSIT CONTRACT**

**2.1 Deposit Contract**

Pursuant to the terms of the Deposit Contract, WAE Shanghai has agreed to pay SGWDC a refundable deposit of RMB 3,173,187.88 (the "**Deposit**") for the Proposed Acquisition. The full amount of the Deposit will be returned by SGWDC to WAE Shanghai if (a) the Parties are unable to mutually agree on the definitive terms of the SPA; or (b) the PRC judicial and administrative authorities impose restrictions on the property rights relating to the Premises that would prohibit WAE Shanghai from acquiring the Premises after the signing of the Deposit Contract but prior to the signing of the SPA.

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<sup>1</sup> The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the listing manual of the Singapore Securities Exchange Trading Limited (the "**Listing Manual**") are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Computation</b>
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	Not applicable as this is an acquisition.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not applicable as it would not be meaningful to attribute profits to the Premises as the Premises will be utilised by the Company for its operations.
(c)	The aggregate value of consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (assuming that the SPA had been entered into on 14 May 2010).	25.2%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as no equity securities will be issued as consideration.

Based on the above, the Proposed Acquisition is a major transaction under Chapter 10 of the Listing Manual. Accordingly, the Proposed Acquisition is conditional upon approval by shareholders of the Company in general meeting.

Article 8 of the Deposit Contract provides that if SGWDC does not sign the SPA by 1 July 2010, an amount equal to twice the Deposit will be paid by SGWDC to WAE Shanghai. However, if WAE Shanghai does not sign the SPA by 1 July 2010, the full amount of the Deposit paid by WAE Shanghai will be forfeited.

Further, under Article 10 of the Deposit Contract, an amount equal to twice the amount of the Deposit will be paid by SGWDC to WAE Shanghai if SGWDC (i) does not comply with the provisions of Article 2 of the Deposit Contract which relates to the determination of the total Purchase Price (as defined below); (ii) fails to provide in the SPA certain information and documents in relation to the Premises, including floor plans and information on the structure, furnishings and facilities of the Premises; or (iii) fails to disclose to WAE Shanghai any existing mortgages or encumbrances in relation to the Premises before the signing of the SPA.

## **2.2 Purchase Consideration**

The Deposit constitutes part of the total consideration of RMB 63,463,757.50 for the Proposed Acquisition (the "**Purchase Price**").

The Parties have agreed that the payment of the Purchase Price by WAE Shanghai to SGWDC upon the execution of the SPA will be as follows:

- (a) the payment of RMB 31,731,878.75 before 1 July 2010, being the equivalent of 50% of the Purchase Price (including the Deposit); and
- (b) the payment of RMB 31,731,878.75 before 31 July 2010, being the remainder of 50% of the Purchase Price.

However, as financing for the Proposed Acquisition may be subject to compliance with certain audit procedures of the PRC regulatory authorities, the payment by WAE Shanghai of the Purchase Price may accordingly be delayed as a result of such compliance. In the event of such delay, WAE Shanghai will be entitled to postpone the date of payment of the Purchase Price to a date not later than 15 August 2010.

If full payment of the Purchase Price has not been made by WAE Shanghai by 15 August 2010, SGWDC may elect to terminate the SPA upon written notification of the same to WAE Shanghai (the "**Written Notice**"). In such event, within 30 days of the issue of a Written Notice, a sum of 5% of the full Purchase Price will be forfeited from the amount paid by WAE Shanghai (including the Deposit) and the balance of the Purchase Price that has been paid by WAE Shanghai will be returned to WAE Shanghai.

## **3. RATIONALE FOR THE PROPOSED ACQUISITION**

The Company plans to move its Shanghai Office from its current premises at Block A-E2, 7th Floor, Sun Tong Infoport Plaza, No. 55 Huaihai Road West, Shanghai, the PRC, to the Premises upon the completion of the Proposed Acquisition.

As a result of the proposed move, the Company will be able to reduce its operating expenses by saving on rental payments incurred from the use of its current premises, as well as to reduce its exposure to the risk of escalating rentals on its business operations in the property market in Shanghai.

**4. INFORMATION ON THE PREMISES**

The Premises consists of Units 3301, 3302, 3303, 3304, 3305, 3306, 3307, 3308 and 3309 of the 33rd storey of the International Corporate City, which is located within Putuo District in Shanghai, PRC. The total floor area of the Premises is approximately 1,775 square metres. SGWDC had obtained a premises permit for the Premises in 2004, which is valid for 50 years.

**5. VALUATION**

The Company is in the process of obtaining a valuation of the Premises and will provide further information on the valuation of the Premises to shareholders in due course.

**6. CIRCULAR TO SHAREHOLDERS**

The Company will be convening a shareholders' meeting for the purpose of seeking shareholders' approval for the Proposed Acquisition. A circular to shareholders setting out further details of the Proposed Acquisition, the necessary financing required for the Proposed Acquisition, as well as the terms of the SPA, will be sent to shareholders in due course.

**BY ORDER OF THE BOARD**

Leung Chun Wah  
Chairman  
14 May 2010