

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

(the "**Company**")

(Company Registration Number: 28969)

(Incorporated in Bermuda)

THE ACQUISITION BY WILLAS-ARRAY ELECTRONICS (SHANGHAI) LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF OFFICE UNITS LOCATED IN SHANGHAI, THE PEOPLE'S REPUBLIC OF CHINA

1. INTRODUCTION

- 1.1 On 14 May 2010, the directors of the Company ("**Directors**") announced that Willas-Array Electronics (Shanghai) Limited ("**WAE Shanghai**"), an indirect wholly-owned subsidiary of the Company, had entered into a deposit contract (the "**Deposit Contract**") of the same date with Shanghai Great Wall Development Company Limited (the "**Vendor**"), and together with WAE Shanghai, the "**Parties**") in connection with WAE Shanghai's proposed acquisition (the "**Acquisition**") from the Vendor of Units 3301, 3302, 3303, 3304, 3305, 3306, 3307, 3308 and 3309 on Level 33 of the International Corporate City located at 3000 North Zhongshan Road, Shanghai, Putuo District, the People's Republic of China ("**PRC**") (the "**Premises**").
- 1.2 The completion of the Acquisition is conditional upon the entry by the Parties into a definitive sale and purchase agreement (the "**SPA**") for the acquisition of the Premises before 1 July 2010. As the acquisition of the Premises by WAE Shanghai constitutes a major transaction under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the completion of the Acquisition is subject to and conditional upon the approval of the Company's shareholders (the "**Shareholders**") at a special general meeting of the Company (the "**SGM**"). The completion of the Acquisition is also dependent on WAE Shanghai obtaining the necessary financing for the Acquisition.
- 1.3 On 10 June 2010, the Company had sent to Shareholders a circular ("**Circular**") setting out information on the Acquisition, together with a notice of the SGM to seek approval of the Shareholders for WAE Shanghai to enter into the SPA and to complete the Acquisition. At the SGM held on 28 June 2010, the Company obtained approval from Shareholders for the entry by WAE Shanghai into the SPA and the completion of the Acquisition.
- 1.4 The Company wishes to announce that, following from the SGM, WAE Shanghai had on 30 June 2010 ("**Signing Date**") entered into the SPA with the Vendor for the acquisition of the Premises and that completion of the Acquisition had taken place on the same day.

2. INFORMATION ON THE PARTIES

WAE Shanghai was incorporated in Shanghai, PRC as a subsidiary of the Company on 19 March 2002, with an initial issued share capital of US\$7,000,000. Upon incorporation, WAE Shanghai became a wholly-owned subsidiary of Kind Faith Limited, which is in turn wholly-owned by Cleverway Profits Limited, which is in turn wholly-owned by the Company. Kind Faith Limited and Cleverway Profits Limited are essentially investment holding companies that were incorporated in

9 November 2001 and 31 March 2000 respectively for the purpose of holding some of the Company's investments in various jurisdictions, including PRC, Hong Kong and Taiwan.

The Vendor is a private company incorporated in Shanghai, PRC on 11 November 2003. The Vendor is in the business of property development. The owner and legal representative of the Vendor is Mr. Qian Zhong Ming. The Vendor is not related to the Company or any of its subsidiaries and none of the Company's Directors, substantial shareholders and/or their respective associates has any interests (direct or indirect) in the Vendor.

3. THE ACQUISITION OF THE PREMISES

3.1 Information on the Premises

The details of the Premises which WAE Shanghai had acquired are set out below:

Address : Level 33 of the International Corporate City, 3000 North Zhongshan Road, Putuo District, Shanghai, PRC.

Description : The International Corporate City is a 44-storey office building above a 4-storey car-park basement. The International Corporate City was completed in 2009 and is of reinforced concrete construction with exteriors of glass curtain walls.

The Premises comprises of the whole Level 33 of the International Corporate City, and comprises of eight (8) office units and one (1) storeroom.

The breakdown of the gross floor area of the Premises is set out below:

Unit Number	Gross Floor Area (Square Metres)	Usage	Particulars of Occupancy
3301	354.62	Office	Vacant
3302	281.11	Office	Vacant
3303	113.52	Office	Vacant
3304	113.52	Office	Vacant
3305	354.63	Office	Vacant
3306	280.97	Office	Vacant
3307	113.52	Office	Vacant
3308	113.52	Office	Vacant
3309	49.80	Storeroom	Vacant
Total:	1,775.21		

Pursuant to the Shanghai Certificate of Real Estate Ownership (HPDPZ No. (2009)041793) dated 18 December 2009, which was issued by the Shanghai Housing and Land Resources Administration Bureau in respect of the Premises, the Premises was vested in the name of the Vendor and the Vendor was granted land use rights in respect of the Premises for a term of 50 years commencing from 30 July 2004 to 29 July 2053 for composite use.

Outfitting works will be required to be carried out on the Premises before the business of WAE Shanghai can be relocated there.

3.2 Independent Valuation

DTZ International Property Advisers (Shanghai) Co., Ltd (the "**Independent Valuer**"), was appointed by the Company as the independent professional valuer for the purposes of conducting independent valuation of the Premises (the "**Valuation**"), and the Independent Valuer had issued a valuation report on 14 May 2010 in connection with the same (the "**Valuation Report**").

(a) **Basis of Valuation**

In conducting the Valuation, the Independent Valuer has complied with the requirements set out in The Hong Kong Institute of Surveyors ("**HKIS**") Valuation Standards on Properties (First Edition 2005) published by the HKIS.

(b) **Valuation Assumptions**

The Valuation excludes any inflation or deflation of the estimated price of the Premises as a result of any special terms or circumstances in relation to the sale and purchase of the Premises, such as (i) any unusual financing arrangements for the Premises; (ii) any sale and leaseback arrangements; or (iii) any special considerations or concessions granted by any party associated with the sale and purchase of the Premises.

No allowance has been made in the Valuation for any charges, mortgages or amounts owing on the Premises nor for any expenses or taxation which may be incurred in respect of a sale of the Premises.

(c) **Method of Valuation**

In arriving at its opinion of the market value of the Premises, the Independent Valuer adopted a direct comparison approach in respect of the Premises, assuming the sale of the Premises with vacant possession and by making reference to available information on comparable sales in the relevant market.

(d) **Valuation**

Based on the investigation and analysis undertaken by the Independent Valuer and subject to the assumptions made in the Valuation Report, the Independent Valuer is of the view that the market value of the Premises as at 13 May 2010 is approximately RMB 63,800,000.

3.3 Process for Completion of the Acquisition

(a) **Entry into the Deposit Contract**

On 14 May 2010, the Company had announced that WAE Shanghai had entered into the Deposit Contract with the Vendor in connection with the Acquisition. The Deposit Contract is not the definitive contract in respect of the Acquisition and the Parties had entered into the SPA on the Signing Date in respect of the completion of the Acquisition.

Pursuant to the terms of the Deposit Contract, WAE Shanghai paid to the Vendor a refundable deposit of RMB 3,173,187.88 ("**Deposit**") for the Acquisition. As stated in the Circular, the full amount of the Deposit will be returned by the Vendor to WAE Shanghai if (i) the Parties are unable to mutually agree on the definitive terms of the SPA; or (ii) 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.

Article 8 of the Deposit Contract provides that if the Vendor does not sign the SPA by 1 July 2010, an amount equal to twice the Deposit will be paid by the Vendor 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 the Vendor to WAE Shanghai if the Vendor (A) breaches the provisions of Article 2 of the Deposit Contract which relates to the determination of the total Purchase Price for the Premises; (B) 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 (C) fails to disclose to WAE Shanghai any existing mortgages or encumbrances in relation to the Premises before the signing of the SPA.

The Company is pleased to announce that no amount of the Deposit was returned by WAE Shanghai to the Vendor and no default by either Party had occurred under the terms of the Deposit Contract as described in paragraph 3.3(a) above.

(b) Principal Terms of the SPA

The principal terms of the SPA, which is governed by the laws of PRC, are set out below:

(i) *Consideration and Terms of Payment*

The cash consideration of RMB 63,463,757.50 to be paid by WAE Shanghai to the Vendor for the Acquisition (the "**Purchase Price**") was agreed upon following arms' length negotiations between the Parties on a willing-buyer, willing-seller basis. WAE Shanghai had also taken into account the value of the Premises based on the valuation carried out by the Independent Valuer. The Purchase Price will be satisfied by way of cash payment from WAE Shanghai to the Vendor upon the execution of the SPA in the following manner (the "**Terms of Payment**"):

- (A) the payment of RMB 31,731,878.75 on the Signing Date, which is the equivalent of 50 per cent. 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 per cent. of the Purchase Price.

If payment of the second tranche payment set out in (B) above has not been made by WAE Shanghai in accordance with the Terms of Payment, an amount equivalent to 0.05 per cent. of the outstanding Purchase Price per day, to be

calculated from the day immediately following the applicable deadline set out in the Terms of Payment until the day actual payment has been made, will be paid by WAE Shanghai to the Vendor.

If payment of the second tranche payment set out in (B) above has not been made by WAE Shanghai within 30 days of the applicable deadline set out in the Terms of Payment, the Vendor is entitled to terminate the SPA upon written notification of the same to WAE Shanghai (the "**Vendor Notice**"). In such event, within 90 days of the issue of the Vendor Notice, a sum of 5.0 per cent. of the full Purchase Price will be forfeited from the amount of the Purchase Price 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.

(ii) *Title and Transfer of Premises*

The transfer of the Premises to WAE Shanghai shall be effected by the Vendor within 60 days from the Signing Date (the "**Transfer Deadline**"). The Vendor warrants to WAE Shanghai that, as at the Transfer Deadline: (A) the Premises is not subject to any dispute relating to property rights or finance; (B) the Vendor has not created any charge or encumbrance over the Premises and has discharged any existing encumbrances over the Premises granted by the Vendor; and (C) the Vendor has paid the requisite property maintenance funds in respect of the Premises.

If the Vendor is unable to effect the transfer of the Premises to WAE Shanghai before the Transfer Deadline, the Vendor shall pay to WAE Shanghai liquidated damages of an amount equivalent to 0.05 per cent. of Purchase Price that has been paid by WAE Shanghai, per day, to be calculated from the day immediately following the Transfer Deadline until the day the Vendor effects the transfer of the Premises to WAE Shanghai.

If the Vendor is unable to effect the transfer of the Premises within 90 days from the Transfer Deadline, WAE Shanghai will have the right to unilaterally terminate the SPA upon written notification to the Vendor of the same (the "**WAE Notice**"). Upon the termination of the SPA, within 15 days of the receipt by the Vendor of the WAE Notice, the Vendor shall (1) return the amount of the Purchase Price paid to WAE Shanghai; and (2) pay to WAE Shanghai a compensation sum of 5.0 per cent. of the full Purchase Price.

(iii) *Use of Premises*

Following from the signing of the SPA, the Vendor will submit an application to the Shanghai Housing and Land Resources Administration Bureau for a property use rights licence in respect of the transfer of the Premises and complete all necessary procedures relating to the transfer of the Premises to WAE Shanghai before 15 August 2010.

If the Vendor is unable to obtain the property use rights licence by 31 October 2010, a sum of 5.0 per cent. of the full Purchase Price will be paid by the Vendor to WAE Shanghai. WAE Shanghai will also be entitled to terminate the SPA and

obtain a refund of all monies paid if the Vendor does not obtain the property use rights licence by 15 December 2010.

The completion of the acquisition of the Premises under the SPA has occurred concurrently with the entry by the Parties into the same, i.e. on 30 June 2010.

As stated in the Circular, the terms of the SPA are in a fixed form prescribed by the Real Estate Trade Centre of Putuo District, Shanghai, PRC, and the final form and terms of the SPA entered into by the Parties do not differ from the terms of the draft SPA as set out in paragraph 2.4(b) of the Circular.

(c) Financing for the Acquisition

A portion of the Purchase Price amounting to approximately 50 per cent. of the amount of the Purchase Price will be funded through an injection of capital in WAE Shanghai by the Company, and the remaining amount of approximately 50 per cent. of the Purchase Price will be funded through external borrowings by the Company. In this regard, the Company had obtained a term loan from Nanyang Commercial Bank (China) Limited for the purpose of satisfying the payment of the Purchase Price.

4. RATIONALE FOR THE ACQUISITION

Following from the 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, PRC, to the Premises. WAE Shanghai's lease at the current premises will end on 14 February 2011.

The rentals of office spaces in Shanghai have been steadily rising since over the past few years, including the rentals of WAE Shanghai's current premises. The proposed move will enable the Company 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. The acquisition by WAE Shanghai of the Premises will also help remove any risk of a disruption to its business operations in the event that the lease of the current premises is not renewed after its expiry.

The area of the Premises is larger than that of the offices currently being occupied by WAE Shanghai and this will allow for future enhancement and development of the business of the Company in PRC.

The location of the new Premises will also make it more accessible to both customers and principals of the Company as its location has good access to public transport networks, for example, highways and railways. The accessibility to such transport networks will also make it easier for staff to reach out to customers.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

- 5.1 Rule 1014 of the Listing Manual states to the effect that where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20 per cent., a transaction is classified as a major transaction. Rule 1014 of the Listing Manual further states that

such a major transaction must be made conditional upon approval by shareholders at a general meeting.

5.2 The relative figures for the Acquisition in accordance with the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the net asset value of the Company and its subsidiaries (the " Group ").	: Not applicable. ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	: Not applicable. ⁽²⁾
(c)	The aggregate value of consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. ⁽³⁾	: 24.3% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	: Not applicable. ⁽⁵⁾

Notes:

⁽¹⁾ Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.

⁽²⁾ It would not be meaningful to attribute profits to the Premises as the Premises will be utilised by the Company for its operations.

⁽³⁾ The Company's market capitalisation is based on the closing price of the ordinary shares in the capital of the Company (the "**Shares**") of S\$0.175 on 30 June 2010, being the market day preceding the Signing Date.

⁽⁴⁾ Based on the following exchange rates as at 30 June 2010:

S\$1.00	: RMB 4.821
S\$1.00	: HK\$5.534
RMB1.00	: HK\$1.148

⁽⁵⁾ Rule 1006(d) of the Listing Manual is not applicable as no equity securities have been issued by the Company in connection with the Acquisition.

As the relative percentage under Rule 1006(c) of the Listing Manual exceeds 20 per cent., the Acquisition constitutes a major transaction under Chapter 10 of the Listing Manual. The Company had therefore issued the Circular to Shareholders on 10 June 2010 and convened the SGM on 28 June 2010 to seek the approval of Shareholders for WAE Shanghai to enter into the SPA and to complete the Acquisition.

The resolution relating to the Acquisition (as set out in the Notice of SGM dated 10 June 2010 attached to the Circular) was duly passed by Shareholders at the SGM held by the Company on 28 June 2010.

6. FINANCIAL EFFECTS OF THE ACQUISITION

For illustrative purposes only, the *pro forma* financial effects of the Acquisition, based on the consolidated financial statements of the Group for the financial year ended 31 March 2010, being the latest consolidated financial statements of the Group, are as follows:

6.1 Net profits

As the Premises will be utilised by the Company for its operations, there are no profits attributable to the Premises being acquired.

6.2 Effect on net tangible assets ("NTA") per share

For illustrative purposes only, assuming that the Acquisition had been effected at the end of the financial year ended 31 March 2010, the effects of the Acquisition on the NTA per share of the Group as at 31 March 2010 are as follows:

	Before Acquisition	After Acquisition
NTA (HK\$ '000)	410,878	408,618
NTA per Share (HK Cents)	132.54	131.81

6.3 Earnings per share ("EPS")

For illustrative purposes only, assuming that the Acquisition had been effected at the beginning of the financial year ended 31 March 2010, the effects of the Acquisition on the EPS of the Group for the financial year ended 31 March 2010 are as follows:

	Before Acquisition	After Acquisition
Profit attributable to Shareholders (HK\$ '000)	70,526	68,266
Weighted average number of Shares	310,000,000	310,000,000
EPS (HK Cents)	22.75	22.02

6.4 Gearing

The effects of the Acquisition on the gearing of the Group as at 31 March 2010 are as follows:

	Before Acquisition	After Acquisition
Net debt (HK\$ '000)	276,490	349,346

Equity (HK\$ '000)	410,878	408,618
Gearing (times)	0.67	0.85

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

7.1 Based on the register maintained by the Company pursuant to Section 164 of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**") and save as disclosed below, none of the Directors currently holds a direct or deemed interest in the Shares as at 28 June 2010.

	Direct Interest	Number of Shares		Total Interest (%) ⁽⁴⁾
		Deemed Interest *	Total Interest	
Mr. Leung Chun Wah	-	78,465,712 ⁽¹⁾	78,465,712	25.3115
Mr. Kwok Chan Cheung	-	32,898,143 ⁽²⁾	32,898,143	10.6123
Mr. Hung Yuk Choy	-	21,500,995 ⁽³⁾	21,500,995	6.9358

Notes:

* Pursuant to Section 7 of the Companies Act.

⁽¹⁾ Mr Leung Chun Wah is deemed interested in the Shares held through Max Power Assets Limited, HSBC Private bank (Suisse) SA Nassau Client Account and shares held by his wife, Cheng Wai Yin, Susana.

⁽²⁾ Mr Kwok Chan Cheung is deemed interested in the Shares held through Global Success International Limited.

⁽³⁾ Mr Hung Yuk Choy is deemed interested in the Shares held through Optimist Profits Limited.

⁽⁴⁾ As a percentage of the issued share capital of the Company comprising 310,000,000 Shares as at 28 June 2010.

7.2 Based on the register maintained by the Company pursuant to Section 88 of the Companies Act, the substantial shareholders and their interests in the Shares as at 28 June 2010 are as follows:

Name of Shareholder	Number of Shares		Number of Shares	
	Direct Interest	% ^(x)	Deemed Interest *	% ^(x)
Global Success International Limited	32,898,143	10.6123	-	-
Max Power Assets Limited	24,461,750	7.8909	50,954,212 ⁽ⁱ⁾	16.4368
Optimist Profits Limited	21,500,995	6.9358	-	-
Cheng Wai Yin, Susana	3,049,750	0.9838	75,415,962 ⁽ⁱⁱ⁾	24.3277
Leung Chun Wah	-	-	78,465,712 ⁽ⁱⁱⁱ⁾	25.3115
Kwok Chan Cheung	-	-	32,898,143 ^(iv)	10.6123
Hung Yuk Choy	-	-	21,500,995 ^(v)	6.9358

Lee Woon Nin	-	-	75,415,962 ^(vi)	24.3277
HSBC International Trustee Limited	-	-	75,415,962 ^(vii)	24.3277
The Bank of Bermuda Limited	-	-	75,415,962 ^(viii)	24.3277
HSBC Asia Holdings BV	-	-	75,415,962 ^(viii)	24.3277
HSBC Asia Holdings (UK) Limited	-	-	75,415,962 ^(viii)	24.3277
HSBC Holdings BV	-	-	75,415,962 ^(viii)	24.3277
HSBC Finance (Netherlands)	-	-	75,415,962 ^(viii)	24.3277
HSBC Holdings Plc	-	-	75,415,962 ^(viii)	24.3277
Yeo Seng Chong	1,050,000	0.3387	15,325,000 ^(ix)	4.9435

Notes:

* Pursuant to Section 7 of the Companies Act.

- (i) Max Power Assets Limited
Deemed interests in the Shares held through HSBC Private Bank (Suisse) SA Nassau Client Account.
- (ii) Ms Cheng Wai Yin, Susana
Deemed interest held through her husband, Mr Leung Chun Wah (Mr Leung has deemed interests in the Shares held through Max Power Assets Limited and HSBC Private Bank (Suisse) SA Nassau Client Account).
- (iii) Mr Leung Chun Wah
Deemed interest in the Shares held through Max Power Assets Limited, HSBC Private Bank (Suisse) SA Nassau Client Account and Shares held by his wife, Cheng Wai Yin, Susana.
- (iv) Mr Kwok Chan Cheung
Deemed interest held through Global Success International Limited.
- (v) Mr Hung Yuk Choy
Deemed interest held through Optimist Profits Limited.
- (vi) Lee Woon Nin
Deemed interests in the direct and deemed interests of Max Power Assets Limited.
- (vii) HSBC International Trustee Limited
Deemed interests in the Shares held by Max Power Assets Limited and HSBC Private Bank (Suisse) SA Nassau Client Account.
- (viii) The Bank of Bermuda Limited, HSBC Asia Holdings BV, HSBC Asia Holdings (UK) Limited, HSBC Holdings BV, HSBC Finance (Netherlands), HSBC Holdings Plc
Deemed interests held through HSBC International Trustee Limited, which is a wholly-owned subsidiary of The Bank of Bermuda, which is a wholly-owned subsidiary of HSBC Asia Holdings BV, which is a wholly-owned subsidiary of HSBC Asia Holdings (UK) Limited, which is a wholly-owned subsidiary of HSBC Holdings BV, which is a wholly-owned subsidiary of HSBC Finance (Netherlands), which is a wholly-owned subsidiary of HSBC Holdings Plc.
- (ix) Mr Yeo Seng Chong
Deemed interests held through Yeoman Capital Management Pte Ltd, in which Mr Yeo Seng Chong has a controlling interest.

(x) As a percentage of the issued share capital of the Company comprising 310,000,000 Shares as at 28 June 2010.

7.3 As at 28 June 2010, none of the Directors or controlling shareholders has any interest, direct or indirect, in the Acquisition, save in respect of his/its shareholdings (if any) in the Company.

8. SERVICE CONTRACTS OF DIRECTORS

There are no directors who are proposed to be appointed to the Company in connection with the Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Deposit Contract, the SPA and the Valuation Report are available for inspection at (a) the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda as well as at (b) the Company's principal place of business at 24/F Wyler Centre Phase 2, 200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong during normal business hours for a period of three (3) months commencing from 30 June 2010.

BY ORDER OF THE BOARD

Leung Chun Wah
Chairman
30 June 2010