

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

ANNOUNCEMENT IN RELATION TO THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 68,354,200 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "RIGHTS SHARES") AT AN ISSUE PRICE OF S\$0.12 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE "SHARES"), HELD BY SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS") AS AT THE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "RIGHTS ISSUE")

1 INTRODUCTION

The Company is pleased to announce a renounceable non-underwritten rights issue of up to 68,354,200 Rights Shares, at an issue price of S\$0.12 (the "**Issue Price**") for each Rights Share, on the basis of one (1) Rights Share for every five (5) existing Shares held by Entitled Shareholders (as defined below) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders' entitlements under the Rights Issue ("**Books Closure Date**").

The Issue Price represents a discount of approximately 35% to the closing price of S\$0.185 on 26 January 2011, being the last trading day of the Shares on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") prior to the date of this announcement.

The Company has decided to undertake the Rights Issue on a non-underwritten basis in view of the Irrevocable Undertakings (as defined below) provided by the Undertaking Shareholders (as defined below) and the savings in cost by the Company in respect of underwriting fees.

2 PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS FROM THE RIGHTS ISSUE

The Rights Issue is an initiative to strengthen the Company's and its subsidiaries' (collectively, the "**Group**") financial position. The Company intends to utilise the proceeds from the Rights Issue to finance the Group's business expansion as well as for the Group's general working capital purposes.

Based on the Maximum Subscription Scenario (as defined below) and after deducting estimated expenses in relation thereto, the estimated net proceeds of the Rights Issue are expected to be approximately S\$8.0 million.

Based on the Minimum Subscription Scenario (as defined below) and after deducting estimated expenses in relation thereto, the estimated net proceeds of the Rights Issue are expected to be approximately S\$5.9 million.

Pending deployment of the proceeds for the above purposes, the proceeds may be deposited with banks and/or financial institutions and/or used for investment in short-term money market and/or debt instruments, as the Directors may deem appropriate in the interests of the Group.

Based on the reasonable opinion of the Directors as at the date of this announcement, (a) there is no minimum amount which must be raised by the Rights Issue and (b) the net proceeds raised under the Minimum Subscription Scenario, barring unforeseen circumstances, will be sufficient to meet the Group's present funding requirements.

3 IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, the total equity interests of Max Power Assets Limited, Global Success International Limited and Optimist Profits Limited (collectively the "**Undertaking Shareholders**") in the Company are as follow:

Undertaking Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	% of issued capital ⁽¹⁾	Number of Shares	% of issued capital ⁽¹⁾
Max Power Assets Limited ⁽²⁾	-	-	75,415,962 ⁽²⁾	24.33
Global Success International Limited	32,898,143	10.61	-	-
Optimist Profits Limited ⁽³⁾	8,662,250	2.80	12,838,745 ⁽³⁾	4.14

Note:

- (1) The percentages of shareholdings are calculated based on the 310,000,000 issued Shares as at the date of this announcement
- (2) Deemed interest held through HSBC Private Bank (Suisse) SA Nassau Client Account
- (3) Deemed interest held through Raffles Nominees (Pte) Ltd

To demonstrate their confidence in the Rights Issue and to show their commitment to the Company, the Undertaking Shareholders had each on 25 January 2011 entered into a Deed of Undertaking in favour of the Company, whereby they have each irrevocably undertaken to the Company to (i) subscribe for their respective full provisional allotment of Rights Shares under the Rights Issue and (ii) such number of excess Rights Share as follows (the "**Irrevocable Undertakings**"):

- (i) Max Power Assets Limited will subscribe for up to 14,260,546 excess Rights Shares;
- (ii) Global Success International Limited will subscribe for up to 6,220,772 excess Rights Shares; and
- (iii) Optimist Profits Limited will subscribe for up to 4,065,663 excess Rights Shares.

The Undertaking Shareholders have undertaken to subscribe for such number of excess Rights Shares which allows them to maintain the proportion of their shareholding amongst one another prior to the Rights Issue.

Subject to approval of the SGX-ST, the Company may scale down any Shareholder's application to subscribe for the Rights Shares to avoid placing such a Shareholder in the position of incurring an obligation to make a mandatory general offer for the Shares under the Singapore Code on Takeovers and Mergers as a result of other Shareholders not taking up their entitlements of Rights Shares in full.

4 PROPOSED TERMS OF THE RIGHTS ISSUE

The Rights Issue is proposed to be made on a renounceable non-underwritten basis of one (1) Rights Share to be issued at the Issue Price, for every five (5) existing ordinary shares in the capital of the Company held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded.

Based on the Company's issued share capital of 310,000,000 Shares as at the date of this announcement, up to 62,000,000 Rights Shares will be issued pursuant to the Rights Issue.

As at the date of this announcement, there is an aggregate of 31,771,000 options outstanding and unexercised (the "**Unexercised Options**") pursuant to the Willas-Array Electronics Employee Share Option Scheme I (which had been terminated on July 2, 2001, after which date no further options could be granted by the Company under the scheme) and the Willas-Array Electronics Employee Share Option Scheme II.

In the event that all the Unexercised Options are exercised into 31,771,000 Shares, the issued share capital of the Company will be increased to 341,771,000 Shares. Assuming that the Rights Issue is then fully subscribed, based on this enlarged share capital, 68,354,200 Rights Shares will be issued pursuant to the Rights Issue (the "**Maximum Subscription Scenario**").

In the event that none of the Unexercised Options are exercised into Shares, the issued share capital of the Company will remain at 310,000,000 Shares. Assuming then that only the Undertaking Shareholders subscribe for Rights Shares pursuant to the Irrevocable Undertakings and no other Shareholder subscribes for any Rights Shares, 50,510,000 Rights Shares will be issued pursuant to the Rights Issue (the "**Minimum Subscription Scenario**").

Entitled Shareholders, comprising Entitled Depositors and Entitled Scripholders (each as defined below), whose registered addresses with the Company or The Central Depository (Pte) Limited ("**CDP**"), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Singapore Share Transfer Agent (as defined below) or CDP, as the case may be, addresses in Singapore for the service of notices and documents, are eligible to participate in the Rights Issue.

The Issue Price will be payable in full upon acceptance and/or application. The Rights Shares, when issued and fully paid-up, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered in order to participate in such dividends, rights, allotments or other distributions.

The Rights Shares will be issued in registered form and will be listed and traded on the SGX-ST under the book-entry (scripless) settlement system, and will, on allotment and issue, rank *pari passu* in all respects with the existing shares in the capital of the Company (the "**Shares**") and shall be entitled to all dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

5 ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

5.1 Entitled Depositors and Entitled Scripholders

The Company proposes to provisionally allot the Rights Shares to all Entitled Shareholders, who comprise Entitled Depositors and Entitled Scripholders (both as defined below). Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts with CDP and whose registered addresses with the CDP are in Singapore as at the Books Closure Date or who had, at least three (3) market days prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents (the "**Entitled Depositors**").

Entitled Scripholders are Shareholders whose share certificates are not deposited with the CDP and who had tendered to the Company's Singapore Share Transfer Agent, Intertrust Singapore Corporate Services Pte Ltd (the "**Singapore Share Transfer Agent**"), valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who had, at least three (3) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents (the "**Entitled Scripholders**").

5.2 Foreign Shareholders

For practical reasons and in order to avoid any violation of relevant securities legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided the Singapore Share Transfer Agent or CDP, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**").

If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil paid" on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds arising therefrom will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide. No Foreign Shareholder shall have any claim whatsoever against the Company, the Manager or CDP and their respective officers in connection therewith.

5.3 Provisional allotments and excess applications

Entitled Shareholders will be at liberty to accept, decline or otherwise renounce or, in the case of Entitled Depositors, trade their provisional allotments of Rights Shares and are eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and

allotted to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

In the allotment of excess Rights Shares, preference will be given to Shareholders for the rounding of odd lots, and substantial Shareholders and Directors will rank last in priority.

5.4 Offer Information Statement (“OIS”)

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the OIS to be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course.

6 APPROVALS

The Rights Issue is subject to, *inter alia*, the following:

- (i) the in-principle approval of the SGX-ST for the Rights Issue;
- (ii) the approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the SGX-ST; and
- (iii) the lodgement of the OIS, prepared in accordance with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, and its accompanying documents.

An application will be made to the SGX-ST for permission to deal in and for the listing and quotation of the Rights Shares on the Official List of the Main Board of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

The Rights Issue will be undertaken pursuant to the share issue mandate approved by Shareholders at the Annual General Meeting of the Company held on 29 July 2010.

7 RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted therefrom, and they jointly and severally accept responsibility accordingly.

Where there are variations or amendments to the terms of the Rights Issue, the Company will make further announcements as and when appropriate.

By Order of the Board

Leung Chun Wah
Chairman
27 January 2011