

## WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

(Company Registration Number: 28969)

(Incorporated in Bermuda)

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### PROPOSED JOINT VENTURE WITH G.M.I. TECHNOLOGY INC. FOR THE DISTRIBUTION AND MARKETING OF ELECTRONICS COMPONENTS IN THE PEOPLE'S REPUBLIC OF CHINA AND THE SPECIAL ADMINISTRATIVE REGION OF HONG KONG

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#### 1 INTRODUCTION

- 1.1 Willas-Array Electronics (Holdings) Limited (the "**Company**") wishes to announce that it has on 19 November 2012 entered into an agreement (the "**Joint Venture Agreement**") with G.M.I. Technology Inc. ("**G.M.I.**") to jointly invest in a new company, GW Electronics Company Limited ("**GW**"), of which the Company will hold 49% and G.M.I. will hold 51% of the paid-up capital of GW, for the purpose of, *inter alia*, engaging in the business activities of distribution of electronics components in the People's Republic of China and the Special Administrative Region of Hong Kong (the "**Investment**").
- 1.2 Under the terms of the Joint Venture Agreement, the parties have agreed to subscribe, through their respective subsidiary companies, to the paid-up capital of GW of up to 100 million Hong Kong Dollars ("**HK\$**"). The respective shareholdings of the Company and G.M.I. in GW shall always be maintained at 49% to 51% unless the Company and G.M.I. consent otherwise.
- 1.3 The total cost of the Investment at the start of the operations of GW is estimated to be HK\$500 million, of which approximately 20% is to be funded by way of equity and the remaining 80% is to be funded by way of external financing obtained by the Company and G.M.I. in equal proportions. Under the Joint Venture Agreement, the Company and G.M.I. may from time to time agree to increase the total cost of investment from HK\$500 million to a maximum of HK\$700 million by way of external financing. Accordingly, in the event of any such increase, the proportion of the total cost of investment funded by way of equity would decrease to a minimum of approximately 14.3%, and the proportion of the total cost of investment funded by way of external financing would increase to a maximum of approximately 85.7%.

#### 2 RATIONALE FOR THE INVESTMENT

The Investment provides an opportunity for the Company to expand its distribution business through the alignment with G.M.I. As both companies are distributing complementary products under the Toshiba brand name, the collaboration would aid the further expansion of the Company and its subsidiaries (the "**Group**") into its main target markets in the People's Republic of China and the Special Administrative Region of Hong Kong, and will also deepen its market and product knowledge. The Investment will also enable the Group to achieve its aggressive business targets in the years ahead.

### **3 CONSIDERATION AND PAYMENT**

- 3.1 The Company's capital injection into GW is HK\$49 million (the "**Consideration**"). The Consideration was arrived at based on the estimate of the total cost required for the Investment and on the basis that 20% of such total cost will be funded by way of equity. Payment of the Consideration will be made in two (2) tranches. The first tranche of HK\$7.35 million was paid on 26 September 2012 and the second tranche of HK\$41.65 million will be paid on or before 31 December 2012.
- 3.2 The Company will make payment of the Consideration in cash or cash equivalent from the Company's existing cash resources and internal source of funds.

### **4 MATERIAL CONDITIONS**

There are no material conditions attached to the Investment.

### **5 FINANCIAL EFFECTS**

For illustration purposes only, assuming that the Investment was entered into on 31 March 2012 and based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2012, the financial effects of the Investment are set out below.

#### **(a) Net tangible assets ("**NTA**")**

Assuming that the Investment had been entered into on 31 March 2012 and based on the Group's audited consolidated financial statements for the financial year ended 31 March 2012, the effect of the Investment on the NTA per share of the Company ("**Share**") would be as follows:

| <b>As at 31 March 2012</b>   | <b>Before the Investment</b> | <b>After the Investment</b> |
|--|------------------------------|-----------------------------|
| NTA (HK\$'000)   | 532,262                      | 528,780                     |
| NTA per Share (Hong Kong cents (" <b>HK cents</b> ")) <sup>(1)</sup> | 142.80                       | 141.87                      |

#### **Note:**

- (1) The NTA per Share was calculated based on 372,720,000 Shares issued in the capital of the Company as at 31 March 2012.

**(b) Earnings per Share ("EPS")**

Assuming that the Investment had been entered into on 1 April 2011, being the beginning of the most recently completed financial year and based on the Group's audited consolidated financial statements for the financial year ended 31 March 2012, the effect of the Investment on the EPS of the Company would be as follows:

| <b>As at 1 April 2011</b>                                     | <b>Before the Investment</b> | <b>After the Investment</b> |
|---|------------------------------|-----------------------------|
| Profit attributable to shareholders of the Company (HK\$'000) | 44,518                       | 41,036                      |
| Weighted average number of Shares                             | 371,421,413                  | 371,421,413                 |
| Basic EPS (HK cents)  | 11.99                        | 11.05                       |

**6 RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL**

6.1 The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") with respect to the Investment based on the latest announced audited consolidated statements of the Group for the financial year ended 31 March 2012 are as follows:

| <b>Rule 1006</b> | <b>Bases</b>   | <b>Relative Figures</b>       |
|------------------|--|-------------------------------|
| (a)              | The net asset value of the assets to be disposed of, compared with the net asset value of the Group.   | Not applicable <sup>(1)</sup> |
| (b)              | The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.   | Not applicable <sup>(2)</sup> |
| (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. <sup>(3)</sup> | 16.7%                         |
| (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 <sup>(4)</sup> |

**Notes:**

- (1) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (2) As GW is newly incorporated, the Investment has yet to generate any profits.

- (3) The Company's market capitalisation is based on the volume weighted average price of the Shares of S\$0.124 on 12 November 2012, being the last market day preceding the date of the Joint Venture Agreement on which Shares were traded, and a total number of 372,720,000 issued Shares in the Company (excluding treasury shares) as at the date of this Announcement.
- (4) Rule 1006(d) of the Listing Manual is not applicable as no equity securities have been issued by the Company in connection with the Investment.

6.2 Based on the above, the Investment constitutes a discloseable transaction and does not require the approval of shareholders for the purposes of Chapter 10 of the Listing Manual.

## **7 INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company has any interest, whether direct or indirect, in the Investment.

## **8 DOCUMENT FOR INSPECTION**

A copy of the Joint Venture Agreement is available for inspection during normal business hours at the Company's registered office for three (3) months from the date of this announcement.

By Order of the Board

Mr. Leung Chun Wah  
Chairman  
19 November 2012