

WILLAS-ARRAY ELECTRONICS (HOLDINGS) LIMITED

(Incorporated in Bermuda)

(Company registration number: 28969)

PROPOSED DUAL PRIMARY LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED – RECEIPT OF APPROVAL-IN-PRINCIPLE AND INFORMATION ON BRIDGING ARRANGEMENT

The Board of Directors (the "**Board**") of Willas-Array Electronics (Holdings) Limited (the "**Company**") refers to the announcements made on 18 March 2013, 21 June 2013 and 14 November 2013 in relation to the proposed dual primary listing (the "**Listing**") of its ordinary shares ("**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**" or the "**Stock Exchange**").

Capitalised terms used herein shall, unless the context otherwise requires, have the meanings ascribed to them in the Company's announcement dated 14 November 2013.

(A) Receipt of approval-in-principle of the Listing Committee of the SEHK

The Company is pleased to inform its shareholders (the "**Shareholders**") that the Listing Committee of the SEHK has on Tuesday, 26 November 2013 granted its approval-in-principle for the Listing ("**AIP**").

The Company wishes to highlight to Shareholders and other investors that the Listing is still subject to the fulfilment of certain conditions under the AIP, including the granting of the final approval for the listing of, and permission to deal in, the Shares on the Main Board of the SEHK by the Listing Committee of the SEHK. There is no assurance that the final approval for the Listing will be granted, and the indicative date of the Listing may change and the Listing may or may not occur.

Subject to the formal and final approval of the SEHK to the Listing, the Company expects to issue its listing document in connection with the Listing (the "**Listing Document**") and post the same on the website of the SEHK at www.hkexnews.hk on Friday, 29 November 2013, and for trading of the Shares to commence on the SEHK at 9.00 a.m. (Hong Kong time) on Friday, 6 December 2013.

(B) Information on the Bridging Arrangement

In connection with the Listing, the Company has appointed Standard Chartered Securities (Hong Kong) Limited as the bridging dealer (the "**Bridging Dealer**"). The bridging arrangements are intended to facilitate the migration of Shares to the Hong Kong Branch Share Register in order for an open market in the Shares to develop in Hong Kong following the Listing.

In connection with the bridging arrangements, the Bridging Dealer entered into a stock borrowing and lending agreement ("**Stock Borrowing and Lending Agreement**") with Global Success International Limited ("**Global Success**") (as lender) under which Global Success will make available to the Bridging Dealer Share lending facilities in respect of up to 39,477,771 Shares (representing up to approximately 10.59% of the total number of Shares in issue as at the date of this announcement), on one or more occasions, subject to the applicable laws, rules and regulations in Singapore and Hong Kong. This is to help ensure that the Bridging Dealer will have ready access to appropriate quantities of Shares for

settlement purposes upon the Listing and during the 30-day period from and including the date of the Listing (the "**Bridging Period**").

It is expected that, upon the Listing and during the Bridging Period, the Bridging Dealer will:

- (a) on its own account, undertake arbitrage activities to contribute to the liquidity of trading in the Shares in the Hong Kong market upon the Listing as well as to reduce potential material divergence between Share prices in the Hong Kong and Singapore markets during the Bridging Period; and
- (b) on its own account, borrow Shares from Global Success in accordance with the Stock Borrowing and Lending Agreement for the settlement purposes in connection with the arbitrage activities carried out by the Bridging Dealer during the Bridging Period.

For further information on the bridging arrangements, please refer to Appendix A to this announcement.

As the Listing is subject to, *inter alia*, the approval of the SEHK, the Listing may or may not occur. There is no assurance that approval of the SEHK for the Listing and the listing of, and permission to deal in, the Shares on the Main Board of the SEHK will be granted. The information relating to the Listing in this announcement is also subject to change. The Company will make announcements as necessary to keep Shareholders updated on any material developments.

Shareholders and other investors are reminded to exercise caution when dealing in the Shares. In the event that Shareholders and other investors are in doubt when dealing in the Shares, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

LEUNG Chun Wah
Chairman
Date: 26 November 2013

INFORMATION ON BRIDGING ARRANGEMENTS

I. INTENDED ARBITRAGE ACTIVITIES DURING THE BRIDGING PERIOD

It is expected that, upon the Listing and during the Bridging Period, the Bridging Dealer, on its own account, will seek to undertake arbitrage activities in the circumstances described below. Certain trades envisaged to be carried out by the Bridging Dealer during the Bridging Period may constitute covered short selling (or be deemed to constitute short selling) under applicable Hong Kong laws and regulations. The Rules Governing the Listing of Securities on the Stock Exchange (the "**Rules of the Exchange**") prohibit short selling save for short selling of Designated Securities (as defined in the Rules of the Exchange) during the Continuous Trading Period (as defined in the Rules of the Exchange). In this regard, the Sponsor, on behalf of the Bridging Dealer, has applied to the Stock Exchange for, and the Stock Exchange has granted an exemption, to permit the Bridging Dealer to conduct the proposed trading activities described below which may constitute (or may be deemed to constitute) short selling of securities during the Continuous Trading Session (as defined in the Rules of the Exchange) in circumstances where the Shares are not Designated Securities (as defined in the Rules of the Exchange).

In addition, the Stock Exchange has granted an exemption to permit short selling during the Pre-opening Session (defined in the Rules of the Exchange as being from 9:00 a.m. Hong Kong time to the commencement of the morning trading session at 9:30 a.m. Hong Kong time) to allow the Bridging Dealer to conduct such short selling transactions of the Shares during the Pre-opening Session within the Bridging Period despite the Shares are not being designated as a Designated Security. The Sponsor, on behalf of the Bridging Dealer, has also applied for, and the Stock Exchange has granted, an exemption from the provision of the Rules of the Exchange that a short sale shall not be made on the Stock Exchange below the best current ask price except where the Designated Security is a Market Making Security (as defined in the Rules of the Exchange) approved by the Securities and Futures Commission of Hong Kong to be excluded from the application of this provision.

No person other than the Bridging Dealer is permitted to enter into a short sale of the Shares on the Stock Exchange during the Bridging Period or thereafter unless the Shares are designated for short selling by the Stock Exchange. Upon the expiry of the Bridging Period, the Bridging Dealer will not be able to engage in further arbitrage activities described below in respect of the Shares on the Stock Exchange unless the Shares are designated by the Stock Exchange for short selling.

Such arbitrage activities are expected to contribute to the liquidity of trading in the Shares in the Hong Kong market upon the Listing as well as to reduce potential material divergence between Share prices in the Hong Kong and Singapore markets:

1. The Bridging Dealer will seek to carry out arbitrage trades in line with market practice in the context of dual listed stocks. The arbitrage trades are envisaged to be carried out where there exists a meaningful price differential between prices of Shares quoted on the Stock Exchange and those quoted on the SGX-ST. In relation to the Listing, it is envisaged that a typical arbitrage trade would be executed if and when prices of Shares quoted on the Stock Exchange are meaningfully higher than those on the SGX-ST, in which case the Bridging Dealer will seek to purchase Shares at the lower price in Singapore and sell Shares at the higher price in Hong Kong.

The typical cost of executing an arbitrage trade is minimal and should constitute a small percentage of the Share price. In the Hong Kong context, the typical cost comprises stamp duty (0.1%), trading fee (0.005%) and transaction levy (0.003%) while in the Singapore context, there is a clearing fee (0.04% up to a maximum of S\$600) and trading fee (0.0075%). Nonetheless, as the Bridging Dealer envisages, for arbitrage trades to occur, the Share price differential would need to exceed such transaction costs and the risk premium as perceived by the Bridging Dealer (including but not limited to factors such as price volatility and market liquidity on both markets).

The Bridging Dealer intends to carry out arbitrage trades where (a) there exists a meaningful Share price differential between the Hong Kong and Singapore markets (as determined by the Bridging Dealer), and (b) the Bridging Dealer is able to purchase sufficient quantities of Shares to address such price differentials when they arise and to contribute towards trading liquidity to a meaningful extent. The bridging arrangements and the role of the Bridging Dealer will terminate and cease at the expiry of the Bridging Period.

2. For the Bridging Dealer to contribute meaningfully towards the liquidity of trading in the Shares on the Hong Kong market, there should be no trading or exchange disruption in, or early closure (other than due to different trading hours) of, one or both stock exchanges. There should be concurrent availability of Shares on both stock exchanges. The Bridging Dealer has also entered into the Stock Borrowing and Lending Agreement to ensure that it will have ready access to appropriate quantities of Shares for settlement purposes upon the Listing and during the Bridging Period.
3. Pursuant to the Stock Borrowing and Lending Agreement, Global Success will, at the request of the Bridging Dealer, make available to the Bridging Dealer Share lending facilities in respect of up to 39,477,771 Shares (representing up to approximately 10.59% of the total number of Shares in issue as at the date of this announcement), on one or more occasions, subject to applicable laws, rules and regulations in Singapore and Hong Kong, including without limitation that the lending and the subsequent acceptance of redelivery of any Shares by Global Success, and the borrowing and the subsequent redelivery of any Shares by the Bridging Dealer, will not lead to either party being obliged to make a mandatory general offer under the relevant takeover rules in Hong Kong and Singapore. Such Shares will be used for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong. These Shares will have been registered on the Hong Kong Branch Share Register prior to the Listing. The total number of Shares subject to the Stock Borrowing and Lending Agreement is significantly in excess of the aggregate of the daily trading volumes of the Shares on the SGX-ST for the 15 trading days immediately before and up to the date of this announcement.

The Stock Borrowing and Lending Agreement provides, *inter alia*, that all of the Shares borrowed shall be returned to Global Success not later than 15 Business Days after the expiry of the Bridging Period. To close out the borrowed positions, the Bridging Dealer may purchase Shares on the SGX-ST or use any unutilised Shares registered on the Hong Kong Branch Share Register and transfer such Shares to Global Success. If necessary, the Bridging Dealer may repeat the process or alternatively may purchase Shares from the SGX-ST or the Stock Exchange, in order to provide additional liquidity to meet demand for the Shares in the Hong Kong market during the Bridging Period.

4. The Bridging Dealer will continue to replenish its Share inventory while carrying out the arbitrage trades. When a buy order has been executed on the Singapore market and a sale order has been executed on the Hong Kong market, the Bridging Dealer

will instruct the Singapore Transfer Agent to transfer Shares purchased on the Singapore market to Hong Kong to replenish its Share inventory for further trading. While such transfer of Shares takes place, the Bridging Dealer will utilise Shares borrowed under the Stock Borrowing and Lending Agreement for settlement of the sale made in Hong Kong.

5. The Bridging Dealer has set up a designated dealer identity number, 7681, solely for the purposes of carrying out arbitrage trades under this exercise in Hong Kong, in order to ensure identification and thereby enhance transparency of such trades on the Hong Kong market. Any change in such designated dealer identity number will be disclosed as soon as practicable by way of an announcement on both the Stock Exchange and the SGX-ST, and on the website of the Company. The Bridging Dealer has also set up another designated dealer identity number, 7682, which will only be used in emergencies and unforeseen situations if the aforesaid identity number for arbitrage trades cannot be used.
6. The Bridging Dealer will enter into such bridging arrangements (including the arbitrage activities) on a voluntary basis with a view to contributing towards the liquidity of the Shares on the Hong Kong market, and intends for such bridging arrangements to constitute proprietary transactions.

It is emphasised that other than the Bridging Dealer, arbitrage activities and bridging arrangements may be carried out by market participants who have access to the Shares. Also, other existing Shareholders who might have transferred part or all of their shareholdings from Singapore to Hong Kong upon the commencement of trading (or thereafter) can also carry out arbitrage trades in the Shares. Such activities will depend on the extent of price differentials between the two stock exchanges, and the number of market participants (other than the Bridging Dealer) who elect to enter into such arbitrage activities and bridging arrangements.

The arbitrage activities of the Bridging Dealer and any persons acting for it will be entered into in accordance with all applicable laws, rules and regulations. The bridging arrangements being implemented in connection with the Listing are not equivalent to the price stabilisation activities that may be undertaken in connection with an initial public offering. In addition, the Bridging Dealer is not acting as a market maker and does not undertake to create or make a market in Shares on the Hong Kong market.

It should be noted that the Bridging Dealer and any persons acting for it may, in connection with the proposed liquidity activities, maintain a long position in the Shares. There is no certainty regarding the extent, time or the period for which the Bridging Dealer and any persons acting for it may maintain such a long position in the Shares. The liquidation of any such long position by the Bridging Dealer or any persons acting for it may have an adverse impact on the market price of the Shares.

II. SPREAD OF SHAREHOLDINGS

It is expected that the following measures and factors will assist in creating and/or improving the spread of holdings of the Shares available for trading on the Stock Exchange following the Listing:

- As the Shares are of one and the same class, Shareholders may at their discretion transfer Shares from Singapore to Hong Kong upon or after the Listing. Special arrangements have been made to facilitate transfers of Shares, and to incentivise existing Shareholders to transfer their Shares to Hong Kong prior to the Listing by enabling them to do so at a reduced cost. Details of such arrangements were set out in the Company's announcement dated 14 November 2013. To the extent that

existing Shareholders elect to transfer Shares to Hong Kong before or shortly after the Listing, such Shares may help contribute to the general liquidity of the Shares on the Hong Kong market.

- Global Success has confirmed to the Company that it intends to transfer, and/or procure the transfer of, up to 39,477,771 Shares, which it directly or indirectly holds, to the Hong Kong Branch Share Register prior to the Listing. As indicated in Section I of this Appendix A above, Global Success has made available to the Bridging Dealer Shares that will be used solely for settlement in connection with the arbitrage trades carried out by the Bridging Dealer in Hong Kong.
- In conducting arbitrage activities in circumstances as described in Section I of this Appendix A above, the Bridging Dealer is effectively acting as a conduit to transfer some of the trading liquidity of the Shares in the Singapore market to the Hong Kong market.

III. BENEFITS OF THE BRIDGING ARRANGEMENTS

It is believed that the bridging arrangements will benefit the Listing in the following ways:

- as arbitrage trades are intended to be carried out by the Bridging Dealer during the Bridging Period where there exists a meaningful price differential in the Share prices, the bridging arrangements are expected to contribute to the liquidity of the Shares on the Hong Kong market upon the Listing;
- arbitrage trades, by their nature, would typically contribute to reducing potential material divergence between Share prices on the Hong Kong and Singapore markets; and
- the bridging arrangements are perceived to be a mechanism that is fair to all market participants who have access to the Shares, as it is open to all of the Shareholders and other market participants who have such access to carry out arbitrage trades similar to those to be carried out by the Bridging Dealer.

IV. DISCLOSURE OF THE BRIDGING ARRANGEMENTS

In order to enhance transparency of the arbitrage activities carried out under the bridging arrangements, various measures to provide information to the market and potential investors will be undertaken. These measures will be described in the sub-section headed "Investor Education" of the Listing Document. Further, the Company will, as soon as practicable and in any event before the opening of trading hours on the Business Day (being a day, other than a Saturday, Sunday or public holiday in Hong Kong, on which banks in Hong Kong are generally open for business to the public) immediately before the first day of the Listing, release an announcement on the Stock Exchange and the SGX-ST to inform the investing public of the following information as of the latest practicable date prior to such announcement:

- the number of Shares in respect of which the Singapore Transfer Agent has received instructions from Shareholders for the transfer of such Shares to the Hong Kong Branch Share Register (whether under the Batch Transfers or otherwise); and
- the total number of Shares that have been registered on the Hong Kong Branch Share Register.

In respect of the arbitrage trades to be carried out by the Bridging Dealer, the Bridging Dealer has set up a designated dealer identity number, 7681, solely for the purposes of carrying out such trades in Hong Kong, in order to ensure identification and thereby enhance transparency of the trades on the Hong Kong market. The Bridging Dealer has also set up another designated dealer identity number, 7682, which will only be used in emergencies and unforeseen situations if the aforesaid identity number for arbitrage trades cannot be used.

In addition, where applicable, the arbitrage trades carried out by the Bridging Dealer, and the transactions under the Stock Borrowing and Lending Agreement will also be disclosed in accordance with the disclosure of interests regime under the relevant provisions of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any applicable laws and regulations in Singapore.