


Asset Acquisitions and Disposals::Sale of Land by Rex Plastics (Malaysia) Sdn. Bhd.

Issuer & Securities

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Announcement Details

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Submitted By (Co./ Ind. Name)	Ng Siew Ping, Jaslin
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below)	Please refer to the attached announcement on the Sale of Land by Rex Plastics (Malaysia) Sdn. Bhd., a subsidiary of Hong Leong Asia Ltd.
Attachments	<p> HLA Announcement_310315.pdf</p> <p>Total size =35K</p>

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HONG LEONG ASIA LTD. (Co. Reg. No. 196300306G)

SALE OF LAND BY REX PLASTICS (MALAYSIA) SDN. BHD.

The Board of Directors of Hong Leong Asia Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Rex Plastics (Malaysia) Sdn. Bhd. (“**Rex Plastics Malaysia**”), an indirect wholly-owned subsidiary of the Company, has today entered into a sale and purchase agreement (the “**Agreement**”) with Aspen Vision Synergy Sdn. Bhd. (the “**Purchaser**”) for the sale of its land as described below for a cash consideration of RM59,958,000.00 upon the terms and conditions of the Agreement (the “**Disposal**”).

1. SALIENT TERMS OF THE DISPOSAL

1.1 Description of Property

A piece of land held under GRN 84184 Lot No. 38519 (formerly under HSD 54863 Lot 12173) in Pekan Country Height, Daerah Petaling, Negeri Selangor Darul Ehsan with a total net land area measuring approximately 19,894 square meters together with the building erected thereon (collectively, the “**Land**”).

1.2 Consideration

Pursuant to the Agreement, Rex Plastics Malaysia shall transfer the Land to the Purchaser at a cash consideration of RM59,958,000.00 (equivalent to approximately S\$22.352 million based on the exchange rate of RM2.6825 : S\$1) (the “**Consideration**”). The Consideration shall be paid in the following manner:

- (i) simultaneously with the execution of the Agreement, the Purchaser shall pay a sum of RM5,995,800.00 (hereinafter referred to as the “**Deposit**”) to the Purchaser’s solicitors as stakeholders.

The Deposit (less any retention sum required to be retained to pay on behalf of Rex Plastics Malaysia its liability for real property gains tax in respect of the Disposal) together with all interest earned thereon shall be released by the Purchaser’s solicitors to Rex Plastics Malaysia within seven business days from the date on which the Conversion Approval (as defined in Section 1.3 herein) is obtained by the Purchaser or the date on which the Purchaser has at its sole discretion notify Rex Plastics Malaysia of its intention to waive the condition of obtaining the Conversion Approval (the “**Unconditional Date**”).

- (ii) the balance amount of the Consideration amounting to RM53,962,200.00 (hereinafter referred to as the “**Balance Consideration**”) shall be paid by the Purchaser to Rex Plastics Malaysia’s solicitors as stakeholders within three months from the Unconditional Date (hereinafter referred to as the “**Completion Period**”) provided that in the event the Balance Consideration is not paid within the Completion Period, the Purchaser shall be granted with an extension of three months from the date of the expiry of the Completion Period to pay the Balance Consideration subject to the payment of interest at the agreed rate as set out in the Agreement.

1.3 The Agreement

Under the Agreement, completion of the Disposal is subject to and conditional upon, *inter alia*, the written approval from the relevant authority approving the conversion of the category of land use of the Land from “Perusahaan” to “Bangunan” and the express condition of the Land from “Perusahaan” to “Komersial” (the “**Conversion Approval**”) being obtained by the Purchaser, at its own cost and expense within six months from the date of the Agreement with an automatic extension of three months immediately after the expiry of the aforesaid six-month period (the “**CP Fulfillment Period**”).

In the event the Conversion Approval is not obtained by the Purchaser, within the CP Fulfillment Period, and unless the Parties mutually agree in writing to extend the time for the Purchaser to obtain the Conversion Approval or unless the Purchaser has at its sole discretion waive the condition of obtaining the Conversion Approval, as the case may be, the Agreement shall automatically be terminated and the Deposit shall be refunded to the Purchaser together with any accrued interest thereon.

2. RATIONALE FOR THE DISPOSAL

Rex Plastics Malaysia has been operating in a challenging environment and had reported a loss of RM3.2 million for the financial year ended 31 December (“FY”) 2014. The Company is of the view that given the current environment under which Rex Plastic Malaysia operates, it would be beneficial to the Group for Rex Plastic Malaysia to dispose the Land.

3. CONSIDERATION AND USE OF PROCEEDS

The Consideration, which represents an excess of S\$19.2 million over the net book value of the Land as at 31 December 2014, was arrived at based on a willing-buyer and willing-seller basis. The Company intends to use the net proceeds of approximately S\$21.4 million (after taking into account the legal fees and other transaction costs in connection with the Disposal and any real property gains tax payable in accordance with the laws of Malaysia) from the Disposal for general working capital and to reduce bank borrowings.

4. FINANCIAL EFFECTS

4.1 Financial Effects

The financial effects of the Disposal have been prepared, for illustrative purposes, based on the audited consolidated financial statements of the Group for FY 2014 and the unaudited accounts of Rex Plastics Malaysia for FY 2014 and based on the following assumptions:

- (a) for the purpose of computing the financial effects of the Disposal on the net tangible assets (the “**NTA**”) per ordinary share of the Company (“**Share**”), the Disposal is assumed to have been effected on 31 December 2014; and
- (b) for the purpose of computing the financial effects of the Disposal on the earnings per Share (“**EPS**”), the Disposal is assumed to have been effected on 1 January 2014.

Effect on the NTA per Share and EPS for FY 2014:

	Before the Disposal	After the Disposal
NTA per Share	S\$2.32	S\$2.37
EPS	S\$0.07	S\$0.12

4.2 Gain from the Disposal

The amount of gain from the Disposal is estimated to be S\$18.2 million after taking into account legal fees, real property gains tax and other transaction costs in connection with the Disposal.

5. DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL

Relative Figures under Rule 1006

The relative figures for the Disposal computed on the applicable bases set out in Rule 1006 of the SGX-ST Listing Manual, based on the audited financial statements of the Group for FY 2014 are set out below. The Disposal would constitute a discloseable transaction under Chapter 10 of the SGX-ST Listing Manual as the relative figure computed under Rule 1006(b) exceeds 5% but does not exceed 20%.

Rule 1006	Basis	Disposal (\$'000)	The Group (\$'000)	Relative Figures
(a)	Net asset value ("NAV") of the Land, compared with the Group's consolidated net assets as at 31 December 2014 ⁽¹⁾	3,130	867,375	0.4%
(b)	Net profit attributable to the Land compared with the Group's consolidated net profits for FY 2014 ⁽¹⁾⁽²⁾	18,222	237,375	7.7%
(c)	Aggregate amount of the Consideration to be received for the Land compared with the Company's market capitalization as at 30 March 2015 ⁽³⁾	22,352	489,820	4.6%
(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 to the Disposal		

Notes:-

- (1) The NAV of the Land and the net profit attributable to the Land is based on the unaudited financial statements of Rex Plastics Malaysia for FY 2014.
- (2) Based on profit or loss before income tax, non-controlling interest and extraordinary items.
- (3) The market capitalisation of the Company is based on 373,908,559 Shares in issue as at 30 March 2015 and the last transacted price per Share on the SGX-ST on 30 March 2015 of S\$1.310.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors of the Company has any interest, direct or indirect, in the Disposal (save through their respective shareholdings in the Company) and the Company has not received any notification from any of its controlling shareholders that it has any interest, direct or indirect, in the Disposal. No person is proposed to be appointed as a Director to the Company arising from or in connection with the Disposal.

7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection by Shareholders during normal business hours (from 9.00 am to 5.00 pm) on any business day at the registered office of the Company for a period of 3 months from the date of this Announcement.

By Order of the Board
Hong Leong Asia Ltd.

Yeo Swee Gim, Joanne
Ng Siew Ping, Jaslin
Company Secretaries

31 March 2015
Singapore