



BAN LEONG TECHNOLOGIES LIMITED

(Company Registration No. 199303898C)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF AUDION INNOVISION PTY. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Ban Leong Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, Ban Leong Australia Pty. Ltd. (“**BLA**”), has on 14 November 2016 entered into a sale and purchase agreement (“**SPA**”) with Harris Technology Group Limited (the “**Purchaser**”) for the proposed disposal (the “**Proposed Disposal**”) of the entire issued and paid-up share capital (“**Sale Shares**”) of Audion Innovision Pty. Ltd (“**Audion**”) held by BLA.

2. INFORMATION ON BLA, AUDION AND THE PURCHASER

- 2.1 BLA is an investment holding company incorporated in Australia in 2006 and has an issued and paid up share capital of AUD\$5,000,000. Audion is a wholly-owned subsidiary of BLA, a company incorporated in Australia in 2006 and has an issued and paid up share capital of AUD\$4,610,844. Audion is engaged in the business of distributing computer peripherals and accessories in Australia.
- 2.2 The Purchaser is Harris Technology Group Limited, a company listed on the Australian Securities Exchange which runs online shopping stores. The Purchaser is not related to any Directors or Controlling Shareholders of the Company.

3. SALE CONSIDERATION

- 3.1 The aggregate sale consideration for the sale of the Sale Shares (“**Purchase Price**”) will be the aggregate sum of the following items:
- (i) the intangible assets of Audion fixed at the value of AUD150,000;
 - (ii) the fixed assets of Audion as at the calendar month end immediately preceding Completion; and
 - (iii) 95% of the value of the accounts receivable of Audion as at the calendar month end immediately preceding Completion.
- 3.2 The Purchaser shall pay the Purchase Price in the following manner:
- (i) On the signing of the SPA, the sum of AUD50,000 (“**Deposit**”), being part payment of the Purchase Price which shall be retained by BLA to offset its loss in the event of the Purchaser’s non-completion;
 - (ii) On Completion (as defined in section 5.1 of this announcement), the estimated Purchase Price (“**Estimated Price**”) calculated based on the values of the items set out in sections 3.1(ii) to (iv) above as at 30 September 2016 plus the amount set out in section 3.1(i) above (less the aggregate amount of the Deposit and the AR Security (as defined below)); and

- (iii) Within three business days from the date of the Purchaser's receipt of the unaudited financial statements of Audion as at the last day of the calendar month immediately prior to Completion ("**Completion Accounts**"), the balance Purchase Price (if any) (excluding the sum of AUD100,000 which shall be retained by the Purchaser in order to adjust for any unrecoverable or doubtful accounts receivable for three months after Completion ("**AR Security**"); and
- (iv) On the date falling immediately after three calendar months from the Completion Date, the AR Security,

subject to the adjustments described in sections 7.1 and 7.3 of this announcement.

- 3.3 The Purchase Price was arrived at by the parties on a willing-buyer-willing-seller basis. In arriving at the Purchase Price, the Board also took into account; *inter alia*, the following factors:
- (i) The historical financial position and performance of BLA and Audion, including their net assets values; and
 - (ii) The historical track record and future prospects of BLA and Audion, in particular that BLA and Audion have not been profitable since FY2011 and their operating markets in Australia continue to remain weak in the near future.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The rationale for and benefits of the Proposed Disposal are, *inter alia*, as follows:

- 4.1 Despite continued efforts by the Group to improve the financial performance of Audion, such as the introduction of additional brands for distribution, Audion has continued to incur losses since FY2011. Going forward, the operating environment of Australia will remain challenging due to the weak market sentiments in Australia.
- 4.2 The combined weakening of the Australian Dollar and the high cost of operations had been reducing the operating margins of Audion. The disposal of Audion will allow the Company to avoid incurring further losses.
- 4.3 The Company has always been relying on expertise hired in Australia to manage the Australian operations. In view of the Company's limited resources, remotely managing the Australia operations has proven to be difficult and ineffective. A timely disposal of Audion will enable the Company to focus more of its resources on its profitable operations in South-East Asia.

5. CONDITIONS PRECEDENT

- 5.1 The completion of the Proposed Disposal ("**Completion**") is conditional upon, *inter alia*, the following:
- (i) the delivery by BLA to the Purchaser of all consents, approvals, waivers and authorisations of any third parties which are necessary in connection with the transfer of the Sale Shares, and if subject to conditions, on such conditions acceptable to the Purchaser; and
 - (iii) the approval by the directors and shareholders (where applicable) of BLA and the Company of the sale of the Sale Shares to the Purchaser by BLA;
 - (iv) the substitution by the Purchaser of all corporate guarantees provided by the Group to secure the obligations of Audion such that all the Group's obligations thereunder are fully discharged; and
 - (v) the Purchaser having obtained third party finance for the purposes of funding the Proposed Disposal.

5.2 The long stop date for the fulfilment of the conditions above is six months from the date of the SPA, failing which the SPA will *ipso facto* cease and determine.

6. SALIENT TERMS

6.1 On Completion and subject to the adjustment provision set out in section 7.2 of this announcement, BLA shall transfer all the inventory of Audion to a third party purchaser nominated by the Purchaser (“**Inventory Purchaser**”) against payment of 95% of the value of the inventory of Audion as at 30 September 2016 (“**Estimated Inventory Price**”) by the Inventory Purchaser.

6.2 The Purchaser undertakes to procure:

- (i) The substitution of all corporate guarantees provided by the Group to secure the obligations of Audion with corporate guarantees of the Purchaser by the long stop date, such that all the Group’s obligations thereunder are fully discharged; and
- (ii) The performance of the Inventory Purchaser’s obligations under the SPA.

6.3 BLA undertakes that it will:

- (i) Be responsible and pay for all accounts payable of Audion for the period immediately prior to the Completion Date; and
- (ii) Provide a non-competition undertaking in respect of similar business carried on by Audion in Australia for twelve months after Completion.

7. ADJUSTMENT PROVISIONS

7.1 BLA shall deliver the Completion Accounts one month after Completion to the Purchaser. If the Estimated Price is lower than the Purchase Price (excluding the AR Security), the Purchaser shall pay the difference to BLA. Where the Estimated Price is higher than the Purchase Price (excluding the AR Security), BLA shall refund the difference to the Purchaser.

7.2 If the Estimated Inventory Price is lower than 95% of the value of the inventory as at the calendar month end immediately preceding completion (“**Inventory Price**”), the Inventory Purchaser shall pay the difference to BLA. Where the Estimated Inventory Price is higher than the Inventory Price, BLA shall refund the difference to the Inventory Purchaser.

7.3 The Purchaser shall be entitled to deduct from the AR Security any unrecoverable or doubtful accounts receivable of Audion as at the Completion Date, for three months after the Completion Date.

8. COMPLETION

Completion will take place on the day on which the conditions set out section 5.1 of this announcement are fulfilled, whereupon the transfer for the shares will take place in exchange for payment of the Estimated Price.

9. VALUE OF SALE SHARES

The audited net asset value and net loss before tax attributable to the Sale Shares for the period ended 31 March 2016 (“**FY2016**”) were \$3,226,073 and \$121,736 respectively. The deficit of the Purchase Price over the book value of the Sale Shares is approximately \$278,428. No valuation was commissioned in respect of the Sale Shares.

10. USE OF PROCEEDS

The Company expects to use any net proceeds from the Proposed Disposal after deducting transaction expenses of approximately \$3,500,000 to settle all debts owed by Audion to the Company.

11. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after completion.

11.1 NTA

The effect of the Proposed Disposal on the NTA (defined as shareholders' fund less intangible assets) per share of the Group for FY2016, assuming that the Proposed Disposal had been effected at the end of FY2016 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA(S\$) ⁽¹⁾	23,645,476	20,419,403
Number of Shares ⁽²⁾	115,282,000	115,282,000
NTA per share (S\$/cents)	20.51	17.71

Notes:

- (1) Based on the audited net tangible assets of the Group as at 31 March 2016 and assuming the Purchase Price is \$3,500,000.
- (2) Based on issued share capital of the Company as at the date of this Announcement, excluding 1,218,000 treasury shares and 681,818 returned shares.

11.2 Earnings Per Share

The effect of the Proposed Disposal on the earnings per share of the Group for FY2016, assuming that the Proposed Disposal had been effected at the beginning of FY2016 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to ordinary shareholders of Ban Leong Technologies Limited (S\$)	2,057,704	2,179,440
Number of Shares	115,282,000	115,282,000
Basic EPS share (S\$/cents)	1.78	1.89

Notes:

- (1) Based on the audited net profits attributable to owners of the Company for FY2016 and assuming the Purchase Price is \$3,500,000.
- (2) Based on issued share capital of the Company as at the date of this Announcement, excluding 1,218,000 treasury shares and 681,818 returned shares.

12. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST Listing Manual**”) are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value as at 30 September 2016 ⁽¹⁾	12%
Rule 1006 (b)	The net profit attributable to the assets acquired or disposed of, compared with the Group’s net profits for HY2017 ⁽²⁾	-7%
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾	15%
Rule 1006 (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
Rule 1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on Audion’s unaudited net asset value of \$2,841,011 and the Group’s unaudited net asset value of \$23,083,811 as at 30 September 2016.
- (2) Based on Audion’s unaudited net loss of \$55,797 and the Group’s unaudited net profits of \$842,911 for HY2017.
- (3) Based on the Sale Consideration of approximately \$3,500,000 (calculated using the values of the inventory, accounts receivable and fixed assets of Audion as at 30 September 2016) and the Company’s market capitalisation of \$23,056,400 (being the market day preceding the date of the SPA).

On the basis of Rule 1006 above, the Proposed Disposal is a “discloseable transaction” as defined in Rule 1010 of the SGX-ST Listing Manual.

13. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

14. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 150 Ubi Avenue 4, #04-01, Singapore 408825 during normal business hours for three months from the date of this announcement.

By Order of the Board

Ronald Teng Woo Boon
Managing Director
14 November 2016