



BAN LEONG TECHNOLOGIES LIMITED

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

PROPOSED DISPOSAL OF 100% INTEREST IN BAN LEONG AUSTRALIA 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 has on 20 November 2015 entered into a sale and purchase agreement (“**SPA**”) with Mercurial Capital Limited (the “**Purchaser**”), for the proposed disposal (the “**Proposed Disposal**”) of the entire issued and paid-up share capital (“**Sale Shares**”) of the Company’s wholly-owned subsidiary, Ban Leong Australia Pty. Ltd. (“**BLA**”), which in turn holds the entire issued and paid-up share capital of Audion Innovision Pty. Ltd (“**Audion**”).

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 the wholly-owned subsidiary of BLA. It was 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 Mercurial Capital Limited, an investment holding company. The Purchaser is not related to any Director or Controlling Shareholder of the Company.

3. SALE CONSIDERATION

- 3.1 The aggregate consideration for the Proposed Disposal will be an amount in cash equivalent to the sum of the values of the inventory and fixed assets of Audion as at 31 December 2015, and the intangible assets of Audion as at 30 September 2015 (the “**Sale Consideration**”), which will be paid by the Purchaser to the Company on the completion of the Proposed Disposal in the following manner:
- (i) The aggregate sum of the values of the inventory and fixed assets of Audion will be paid in AUD; and
 - (ii) The value of the intangible assets will be paid in S\$,
- subject to the adjustments described in paragraph 7 below.
- 3.2 The Sale Consideration was arrived at, on a willing-buyer willing-seller basis, after negotiations which were conducted at arms’ length between the parties. In arriving at the Sale Consideration, 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 are reducing the operating margins of BLA and Audion and the disposal of BLA and 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 BLA and 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 is conditional upon, *inter alia*, the following:
 - (i) all representations and warranties in the terms of the Company's warranties being complied with, and being true, accurate and correct in all respects and not misleading as at the date of completion set out in paragraph 8 below ("**Completion Date**");
 - (ii) all intra-group indebtedness having been repaid and any security created over any of the assets of BLA and/or Audion in relation to such intra-group indebtedness being discharged;
 - (iii) all corporate guarantees provided by the Company to secure the obligations of either BLA or Audion being terminated and/or revoked in respect of the Company; and
 - (iv) the Purchaser being satisfied with the results of its due diligence investigations into BLA and/or Audion.
- 5.2 The long stop date for the fulfilment of the conditions above is 6 months from the date of the SPA, failing which, the SPA will *ipso facto* cease and determine.

6. SALIENT TERMS

- 6.1 The Purchaser agrees and undertakes with the Company to:
 - (i) procure BLA and/or Audion to collect the value of the accounts receivable of Audion as at 31 December 2015 ("**Accounts Receivable**") from the debtors of Audion for 12 months from the Completion Date;
 - (ii) to procure BLA and/or Audion to take any enforcement actions in the collection of the Accounts Receivable in the event that the same is required. The costs for such enforcement actions will be borne by the Vendor;
 - (iii) In the event that BLA and/or Audion, receives from its debtors any inventory in lieu of payment of the relevant amount of the Accounts Receivable, to make full payment in respect of the relevant amount of the Accounts Receivable in cash to the Company; and

- (iv) provide such interest-free loans to BLA and/or Audion as may be required to enable BLA and/or Audion to meet its respective payroll costs accruing from (and including) 1 January 2016, regardless of whether completion has taken place.

6.2 The Company further undertakes, and will procure the Group, to provide a non-competition and non-solicitation undertaking in respect of similar business carried on by BLA and/or Audion in Australia and/or New Zealand for 12 months after completion.

7. ADJUSTMENT PROVISIONS

7.1 There will be an adjustment to the Sale Consideration based on the value of inventory of Audion as ascertained during a stock-taking exercise to be jointly conducted by the Purchaser and the Company on 4 January 2016.

7.2 There will also be an adjustment to the Sale Consideration due to goods and services tax payable by Audion as at 31 December 2015.

8. COMPLETION

The Completion Date will take place on the business day falling on or before 1 month (i) from the date of fulfillment of the conditions set out paragraph 5.1 of this announcement; or (ii) from 31 December 2015, whichever is later, whereupon the transfer for the shares will take place in exchange for payment of the Sale Consideration.

9. VALUE OF SALE SHARES

The net asset value and net loss before tax attributable to the Sale Shares for the period ending 30 September 2015 (“HY2016”) were \$3,709,405 and \$586,753 respectively. The deficit of the Sale Consideration over the book value of the Sale Shares is approximately S\$1,561,529.

10. USE OF PROCEEDS

The Company expects to use any net proceeds from the Proposed Disposal after deducting transaction expenses of approximately S\$30,000 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 FY2015, assuming that the Proposed Disposal had been effected at the end of FY2015 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA(S\$'000) ⁽¹⁾	22,669	23,662
Number of Shares ('000) ⁽²⁾	116,053	116,053
NTA per share (S\$/cents)	0.20	0.20

Notes:

- (1) Based on net tangible assets of the Group as at 31 March 2015.
 (2) Based on issued share capital of the Company as at the date of this announcement, excluding 447,000 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 FY2015, assuming that the Proposed Disposal had been effected at the beginning of FY2015 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to ordinary shareholders of Ban Leong Technologies Limited (S\$'000) ⁽¹⁾	789	1,781
Number of Shares ('000) ⁽²⁾	116,053	116,053
Basic EPS share (S\$/cents)	0.68	1.54

Notes:

- (1) Based on net profits attributable to owners of the Company for FY2015.
 (2) Based on issued share capital of the Company as at the date of this announcement, excluding 447,000 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 2015 ⁽¹⁾	17%
Rule 1006 (b)	The net profit attributable to the assets acquired or disposed of, compared with the Group's net profits for HY2016 ⁽²⁾	-444%
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⁾	9%
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 BLA and Audion's unaudited consolidated net asset value of S\$3,709,405 as at 30 September 2015 and the Group's unaudited net asset value of S\$22,455,753 as at 30 September 2015.
- (2) Based on BLA and Audion's unaudited consolidated net loss of S\$586,753 for HY2016 and the Group's unaudited net profits of \$132,175 for HY2016.
- (3) Based on the Sale Consideration of approximately S\$2,147,876 (calculated using the values of the intangible assets, inventory and fixed assets of Audion as at 30 September 2015) and the Company's market capitalisation of S\$24,951,395 (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 (3) months from the date of this announcement.

By Order of the Board

Ronald Teng Woo Boon
Managing Director

20 November 2015