

HONG LEONG ASIA LTD.

(Company Registration No. 196300306G)
(Incorporated in the Republic of Singapore)

PROPOSED SALE OF PROPERTY BY REX PLASTICS (MALAYSIA) SDN. BHD.

1. INTRODUCTION

The board of Directors (the “**Board**”) of Hong Leong Asia Ltd. (“**HLA**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary, Rex Plastics (Malaysia) Sdn. Bhd. (“**Rex Plastics Malaysia**” or the “**Vendor**”), has today entered into a sale and purchase agreement (the “**SPA**”) with Greenway Links Sdn. Bhd., an unrelated party of the Group (the “**Purchaser**”) for the sale of its property as described below for a cash consideration of RM45,000,000.00 upon the terms and conditions of the SPA (the “**Proposed Transaction**”) to the Purchaser.

2. INFORMATION ON THE PROPERTY

A piece of freehold land held under Geran 84184, Lot 38519, Pekan Country Height, Daerah Petaling, Negeri Selangor measuring approximately 19,894 square metres in area together with a double storey detached factory and a single storey office erected thereon (hereinafter referred to as, the “**Property**”) (other than that portion of the Property subject to the TNB Lease as defined below).

The Property is presently free from all encumbrances but part of the Property measuring 217.85/213.825 square feet (the TNB Substation) is subject to a lease registered in favour of Tenaga Nasional Berhad (“**TNB**”) *vide* presentation number 24572//1995 Jil 1 Fol 8 for a term of thirty (30) years expiring on 14 June 2024 (hereinafter referred to as, the “**TNB Lease**”).

3. CONSIDERATION

Pursuant to the SPA, Rex Plastics Malaysia shall sell the Property to the Purchaser for an aggregate consideration of RM45,000,000.00 (approximately S\$14.5 million based on the exchange rate of RM3.0941 : S\$1.00) (the “**Consideration**”). The Consideration shall be paid in the following manner:

- (a) simultaneously with the execution of the SPA, the Purchaser shall pay a sum of RM4,500,000.00 being the deposit equivalent to 10% of the Consideration to Rex Plastics Malaysia’s solicitors as stakeholders; and
- (b) the balance sum of RM40,500,000.00 shall be paid upon the completion of the Proposed Transaction.

The Consideration, which represents an excess of RM38.1 million over the net book value of the Property as at 30 November 2021, was arrived at after negotiations on an arm's length basis and on a willing-buyer and willing-seller basis after taking into account, *inter alia*, the open market value of the Property of RM45.0 million as at 2 December 2021 as determined by HASB Consultants (Selangor) Sdn Bhd, an independent valuer on the Property. The valuation was commissioned by Rex Plastics Malaysia.

4. CONDITION PRECEDENT

The Proposed Transaction is subject to, *inter alia*, TNB's consent for the transfer of the Property in favour of the Purchaser, being obtained by Rex Plastics Malaysia at its own cost and expenses within three (3) months from the execution of the SPA or within any extension period as may be mutually agreed between both parties. In the event this condition is not fulfilled, the SPA shall be deemed to be rescinded and become null and void with neither parties having any claims of whatsoever nature against each other save for antecedent breaches.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

Upon completion of the Proposed Transaction, the Group is expected to recognise approximately RM33.0 million (approximately S\$10.7 million based on the exchange rate of RM3.0941 : S\$1.00) (net of estimated taxes and related transaction costs) as a gain in the income statement. The Proposed Transaction is expected to have a positive impact on the net asset value per share and the earnings per share of the Group.

6. NON-DISCLOSEABLE TRANSACTION

As each of the relative figures for the Proposed Transaction computed on the applicable bases set out in Rule 1006 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**Listing Manual**") is less than 5.0%, the Proposed Transaction constitutes a non-discloseable transaction for purposes of Chapter 10 of the Listing Manual.

7. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection by Shareholders during normal business hours (from 9.00 a.m. to 5.00 p.m.) 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.

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

7 December 2021
Singapore