

HAI LECK HOLDINGS LIMITED
(Incorporated in Singapore)
(Company Registration No. 199804461D)

ACQUISITION OF SHARES

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Hai Leck Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a sale and purchase agreement (the “**SPA**”) with Mr Cheng Buck Poh @ Chng Bok Poh (“**Cheng**”), Mr Lee See Kee (“**Lee**”) and Mdm Goo Guik Bing @ Goh Guik Bing (“**Goo**”) to acquire 50,000 ordinary shares representing a 100% interest of the share capital of United Holding (1975) Pte. Ltd. (the “**Target Company**”)

Cheng, Lee and Goo are collectively known as the “**Vendors**”. The purchase of the 50,000 ordinary shares (collectively the “**Sale Shares**”) from the Vendors is referred to in this Announcement as the “**Acquisition**”.

2. INFORMATION ON THE TARGET COMPANY

The Target Company is a limited exempt private company incorporated in Singapore. Its principal activities are in the mixed construction activities and investment holding company. It currently has only one subsidiary, Tele-Centre Services Pte Ltd (“**Tele-Centre**”), which is wholly-owned. Tele-centre is in the business of providing call centre services, telecommunications and information technology.

The consolidated financial statements of the Target Company and Tele-Centre are as follows:

<u>Consolidated Balance Sheet for the year ended 30 June 2011</u>	<u>S\$'000</u>
Shareholders' Fund	2,817
Non Current Asset	
Property, Plant and Equipment	171
Goodwill on consolidation	71
Total	242
Current Assets	
Trade Receivable	1,236
Investments in subsidiaries under liquidation	3,161
Cash and Cash Equivalents	3,190
Others	120
Total	7,707
Current Liabilities	
Trade Payable	39
Amount due to Holding Company	4,110
Other Payable and Accrual	927
Provision for Taxation	28
Total	5,104
Non-Current Liabilities	
Deferred Taxation	28
Net Current Assets (Liabilities)	2,603
Net Assets	2,817

<u>Consolidated Profit & Loss as at 30 June 2011</u>	
Turnover	6,555
Cost of Sale	672
Administrative Expense	5,591
Profit Before Taxation	292
Taxation	57
Profit After Taxation	235
Minority Interest	4
Profit Attributable to Equity Holders	231

3. CONSIDERATION AND COMPLETION

The consideration for the SPA (the “**Consideration**”) is S\$2,750,000. The Consideration was arrived at after arm’s length negotiations and on a willing buyer and willing seller basis after taking into consideration the net book value, valuation price⁽¹⁾ and future earning forecast of the Target Company and is funded through the Group’s internal funds. The Consideration will be paid by the Purchaser to the Vendors upon completion of the Acquisition in the following proportions:

<u>Name</u>	<u>Number of Sale Shares</u>	<u>Consideration</u>
Cheng	35,500	\$1,952,500
Lee	7,500	\$412,500
Goo	7,000	\$385,000
Total	50,000	\$2,750,000

NOTES:

- (1) This is arrived at based on the valuation report of Tele-Centre Services Pte Ltd, a wholly-owned and the only subsidiary of United Holding (1975) Pte Ltd. The report was issued by Grant Thornton Finance Pte Ltd dated 21 November 2011.

4. RATIONALE FOR THE ACQUISITION

The Acquisition will allow the Group to diversify its business and add strength and stability to its profitability, as well as improve the financial yield of available cash by re-investing in business with an attractive rate of return.

5. FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects of the Acquisition are for illustration purposes only and do not reflect the actual financial position for the Group after completion of the Acquisition. The financial effects of the Acquisition have been prepared using the audited financial statements of the Group

prepared on a consolidated basis for the financial year ended 30 June 2011 (“FY2011”) based on, inter alia, the following assumptions:-

- (i) for the purposes of the effect on the EPS, the Acquisition had been completed on 1 July 2010, being the start of the latest audited financial year of the Group; and
- (ii) for the purposes of the effect on NTA per share and gearing, the Acquisition had, been completed on 30 June 2011, being the date to which the latest full-year audited accounts of the Group were made up.

Earnings per share (“EPS”)

The effect of the acquisition on the Group's EPS for FY2011 would have been as follows:

	Without the Acquisition	With the Acquisition
Profit after tax attributable to Shareholders (S\$'000)	7,868	8,099
Weighted Number of Ordinary Shares in Issue Excluding Treasury Shares Applicable to Basic Earnings per Share ('000)	324,839	324,839
Weighted Number of Ordinary Shares in Issue Excluding Treasury Shares Applicable to Diluted Earnings per Share ('000)	328,088	328,088
Basic EPS (Cents)	2.4	2.5
Diluted EPS (Cents)	2.4	2.5

Net Tangible Assets (“NTA”)

The effect of the Acquisition on the Group's consolidated NTA as at 30 June 2011 have been as follows:

	Without the Acquisition	With the Acquisition
NTA (S\$'000)	87,046	89,791
Number of Shares ('000)	324,421	324,421
NTA per Share (Cents)	26.8	27.7

Gearing

The effect of the Acquisition on the gearing of the Group as at 30 June 2011 would have been as follows:

	Without the Acquisition	With the Acquisition
Total borrowings (S\$'000)	-	-
Shareholders' funds (S\$'000)	87,398	90,215
Gearing (times)	-	-

NOTES:

- "Gearing" means the ratio of total borrowings to shareholders' funds. "Total borrowings" means the aggregate borrowings (excluding hire purchase and finance leases) from banks and financial institutions and "shareholders' funds" means the aggregate amount of issued and paid-up share capital, share premium account, merger deficit and revenue reserves.
- The above financial effects on gearing are calculated based on the Consideration funded by borrowings.

6. RULE 1006 RELATIVE FIGURES

As at 29 November 2011, being the market day preceding the date of the SPA, the relative figures for the Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits / (losses) attributable to the assets acquired compared with the Group's net profits ⁽¹⁾	3.20%
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation of 74.6 million ⁽²⁾	3.69%
(d)	Number of equity securities issued as consideration for the Acquisition, compared with the number of equity securities previously in issue	Not applicable

NOTES:

- The definition of 'Net Profit' is adopted from Rule 1002 of the Listing Manual where 'Net Profits' is defined as profit or loss before income tax, minority interests and extra-ordinary items. For the purpose of calculating the relative number, net profit for the financial year ended 30 June 2011 is used.
- Market capitalisation is taken as at 9 November 2011, being the last market day preceding the date of the Agreement.

The Acquisition will constitute a non-disclosable transaction of the Company within the meaning of Chapter 10 of the Listing Manual. The Acquisition is therefore not subject to the approval of the Company's shareholders.

7. INTERESTED PERSON TRANSACTION

As at the date of this announcement, Cheng is the Executive Chairman of the Company, and holds directly 71% of the equity interest in the Target Company. 14% of the equity interest in the Target Company is held by Goo, the spouse of Cheng. The remaining 15% of the equity interest in the Target Company is held by Lee, who is a Director and substantial shareholder of the Company. Accordingly, Cheng, Goo and Lee are interested persons within the meaning of Chapter 9 of the Listing Manual in respect of the Acquisition.

By virtue of the interest of the Vendors, the Acquisition constitutes an interested person transaction under Chapter 9 of the Listing Manual. The value of the Acquisition represents approximately 3.16% of the Group's NTA as at 30 June 2011.

Total Value of Interested Person Transactions

The aggregate consideration paid by the Company pursuant to the Acquisition is equivalent to 3.51% of the Group's NTA when aggregated with other transactions entered into with all interested persons during the same financial year.

Names of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested persons transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Tele-Centre ⁽¹⁾	12,000	Not applicable
United Holding (1975) Pte Ltd	290,000	Not applicable

NOTES:

(1) Tele-Centre is wholly-owned by United Holding (1975) Pte Ltd as at the completion date of the SPA.

The aggregate value of other transactions entered into with all interested persons during the financial year under review is S\$302,000.

Shareholders' Approval

In accordance with Rule 906(1) of the Listing Manual, the approval of shareholders must be sought for any interested person transaction of a value equal to, or more than 5% of the Group's latest audited NTA. As the value of the Acquisition represents less than 5% of the Group's NTA, shareholders' approval need not be sought.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors, controlling shareholders of the Company and their associates have any direct interests or deemed interests in the Target Company or the Acquisition.

9. SERVICE AGREEMENTS

No person is proposed to be appointed as a Director of the Company in connection with the Acquisition. Accordingly, no new service contract is proposed to be entered into between the Company and any such person.

10. AUDIT COMMITTEE STATEMENT

The independent members of the Audit Committee of the Company, Mr Tan Sim Cheng, Mr Low Seow Chay and Mr Chee Teck Kwong Patrick, are of the opinion that the Acquisition is on commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed are fair and accurate and that no material facts have been omitted, and they jointly and severally accept responsibility accordingly. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of the Company at 47 Tuas View Circuit Singapore 637357 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Cheng Li Chen
Chief Executive Officer

30 November 2011