

General Announcement

Reference No **HI-110506-57206**

Company Name : **HONG LEONG INDUSTRIES BERHAD**
Stock Name : HLIND
Date Announced : 06/05/2011

Type : Announcement
Subject : OTHERS

Description : PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTEREST IN
HLI-HUME MANAGEMENT CO SDN BHD TO HONG LEONG
MANUFACTURING GROUP SDN BHD

Announcement Details/Table Section :

Hong Leong Industries Berhad (“HLI” or “the Company”) wishes to announce that HLI had, on 6 May 2011, entered into a Shares Sale Agreement with Hong Leong Manufacturing Group Sdn Bhd (formerly known as Spectrum Arrangement Sdn Bhd) [“HLMG”], the 74.57% holding company of HLI, to dispose of 408,000 ordinary shares of RM1.00 each, representing the entire equity interest in HLI-HUME Management Co Sdn Bhd (“HHMC”) for cash consideration of RM2,380,700 (“Proposed Disposal”).

HHMC is involved in the provision of management and support services to HLI, Hume Industries (Malaysia) Sdn Bhd, Malaysian Pacific Industries Berhad, Narra Industries Berhad and their respective subsidiaries. The Proposed Disposal is in line with the restructuring exercise of HLI Group and its intention to streamline the operations of the HLI Group.

The sale consideration of RM2,380,700 was arrived at on a willing buyer-willing-seller basis after taking into consideration the unaudited net assets of HHMC of RM2,380,700 as at 31 March 2011. The proceeds from the Proposed Disposal will be utilised for working capital purposes.

The Proposed Disposal will not have any effect on the issued and paid-up share capital and substantial shareholders’ shareholdings of HLI, nor is it expected to have any material effect on the earnings per share, net assets per share and gearing of the HLI Group.

HLMG is a major shareholder of HLI. YBhg Tan Sri Quek Leng Chan is a Director and a major shareholder of HLI and HLMG. YBhg Datuk Kwek Leng San is a Director of HLI and HLMG and has interest in the shares of HLI. YBhg Datuk Kwek Leng San is also a brother of YBhg Tan Sri Quek Leng Chan. Save as disclosed, the Company is not aware of any of its other Directors and major shareholders or any persons connected with them having any interest, direct or indirect, in the Proposed Disposal.

The Proposed Disposal is not subject to the approval of the shareholders of HLI and any regulatory authorities. However, the Proposed Disposal is subject to the approvals of the shareholders of HLMG and its holding company pursuant to Section 132E of the Companies Act, 1965.

The Directors of HLI (save for YBhg Tan Sri Quek Leng Chan and YBhg Datuk Kwek Leng San) are of the opinion that the Proposed Disposal is in the best interest of the HLI Group.

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the fourth quarter of the financial year ending 30 June 2011 and accordingly, HHMC will cease to be a subsidiary of HLI.

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("LR") is less than 0.25% and hence, no announcement of the Proposed Disposal is required in accordance with Chapter 10 of the LR. This announcement is made pursuant to Paragraph 9.19(24) of the LR.

This announcement is dated 6 May 2011.