

General Announcement

Reference No **HI-100326-56659**

Company Name : **HONG LEONG INDUSTRIES BERHAD**
Stock Name : **HLIND**
Date Announced : **26/03/2010**

Type : **Announcement**
Subject : **HONG LEONG INDUSTRIES BERHAD**

PROPOSED JOINT VENTURE BETWEEN GUOCERA HOLDINGS SDN BHD AND INFRASTRUCTURE DEVELOPMENT AND CONSTRUCTION CORPORATION TO OPERATE A TILE PRODUCTION COMPANY IN VIETNAM

Contents : Hong Leong Industries Berhad (“HLI”) writes to announce that its wholly-owned subsidiary, Guocera Holdings Sdn Bhd (“GHSB”) had, on 26 March 2010, entered into a joint venture (“JV”) contract (“JV Contract”) with Infrastructure Development And Construction Corporation (“LICOGI”) to form a joint venture company to be known as Guocera Tile Industries (Vietnam) Co., Ltd. (“GTI(V)”).

Subsequent to the establishment of GTI(V), GTI(V) shall acquire and operate a factory (“Factory”) located in Dong Nai Province, Vietnam, and which is currently involved in the production of porcelain tiles.

(The establishment of GTI(V) together with the acquisition and operation of the Factory shall collectively be referred to as the “Proposed JV”).

LICOGI is a corporation existing under the Laws of Vietnam, having its registered place of business in Hanoi City, Vietnam. LICOGI is a major corporation under the Ministry of Construction Vietnam and principally involved in the execution of major infrastructure projects in Vietnam such as power plants, cement plants, government buildings, airports, universities, sheet glass plants, coal plants, etc.

The total investment capital of the Proposed JV shall be USD12,450,000. The charter capital of GTI(V) shall be USD5,450,000 (“Charter Capital”), and GHSB’s contribution shall be USD5,286,500, equivalent to 97% of the Charter Capital. LICOGI shall contribute the balance USD163,500, equivalent to 3% of the Charter Capital. GHSB’s contribution will be financed from bank borrowings and internally generated funds.

Subsequent to the establishment of GTI(V) and the issuance of an Investment Certificate by the Dong Nai Province People’s Committee,

SR of Vietnam (“Licensing Authority”), GTI(V) shall

(a) acquire the Factory, free from encumbrances and liens and assets (including receivables and liabilities), from LICOGI (“Acquisition”) for a total consideration of USD5,450,000 (“Purchase Consideration”); and (b) carry out other activities related to the effective management of GTI(V).

The Purchase Consideration shall be funded from the Charter Capital of GTI(V).

Save for the liabilities incurred in the ordinary course of business of the Factory as specified in the JV Contract, there are no other liabilities to be assumed by GTI(V) arising from the Acquisition.

GHSB and LICOGI have agreed to propose to the Licensing Authority that GTI(V) shall carry out the Proposed JV for a duration of fifty (50) years commencing from the date of issuance of the Investment Certificate (“Duration”). Within six (6) months prior to the expiry of the Duration of the Proposed JV, GTI(V) may apply to the Licensing Authority for an extension permit.

The Proposed JV will provide the HLI Group the opportunity to expand its tile manufacturing business and to promote the Guocera brand in the Vietnamese market.

The Proposed JV will not have any effect on the issued and paid-up share capital and substantial shareholders’ shareholdings of HLI. The Proposed JV is not expected to have any material effect on the net assets and earnings of HLI for the financial year ending 30 June 2010 but is expected to contribute positively to the future earnings of the HLI Group.

The Proposed JV is subject to the issuance of an Investment Certificate by the Licensing Authority. The Proposed JV does not require the approval of the shareholders of HLI.

None of the directors and substantial shareholders of HLI and persons connected with the directors or substantial shareholders have any interest, whether directly or indirectly, in the Proposed JV.

The Directors of HLI are of the opinion that the Proposed JV is in the best interest of the HLI Group.

A copy of the Press Release is attached herewith.

This announcement is dated 26 March 2010.

Attachments : [📎 PRESS RELEASE Guocera .pdf](#)

© 2010, Bursa Malaysia Berhad. All Rights Reserved.