

# LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 198700318G)

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## PROPOSED DISPOSAL OF 55 KRANJI CRESCENT, SINGAPORE 728662 TOGETHER WITH THE PLANT AND EQUIPMENT

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### 1. INTRODUCTION

1.1 The Board of Directors of (the “**Board**”) Ley Choon Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly owned subsidiary, Ley Choon Constructions and Engineering Pte. Ltd. (“**LCCE**”) had on 19 May 2015 entered into a conditional sale and purchase agreement (the “**SPA**”) with Samwoh Premix Pte. Ltd. (the “**Purchaser**”), pursuant to which LCCE has agreed to sell, and the Purchaser has agreed to purchase:

- (i) the property comprised in Lot 3465C of Mukim 11 (also known as Private Lot A1276500) together with the building erected known as 55 Kranji Crescent, Singapore 728662 (the “**Property**”); and
- (ii) the asphalt premix manufacturing plant together with all plant and equipment in connection therewith situated at the Property and set out in the Schedule 1 of the SPA (the “**Plant and Equipment**”),

upon the terms and subject to the conditions of the SPA (the “**Disposal**”).

#### Chapter 10 of the Listing Manual

1.2 The Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and is subject to the approval of the shareholders of the Company (the “**Shareholders**”) being obtained at an extraordinary general meeting to be convened (“**EGM**”). For further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, please refer to Section 4 of this Announcement.

### 2. INFORMATION ON THE PURCHASER, THE PROPERTY AND THE PLANT AND EQUIPMENT

#### Background

2.1 The Group has been undergoing debt restructuring programme with the lenders (“**Debt Restructuring Plan**”) which encompasses disposal of non-core assets and non-core businesses. In line with this, the Group has been actively looking for potential buyers since last quarter of 2015. The Company reviewed the offers received and decided to proceed with the offer from the Purchaser.

#### The Purchaser

2.2 The Purchaser is a private limited company incorporated in and under the laws of the Republic of Singapore.

## The Property and the Plant and Equipment

- 2.3 The Property has a land area of 8,772.5 square meters. The Plant and Equipment, which include but are not limited to, an asphalt premix manufacturing plant, are situated at the Property. The asphalt premix manufacturing plant, which commenced production in 2003, was the first plant of the Group.

### **3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL**

#### **3.1 Purchase Price**

- 3.1.1 The aggregate consideration for the Proposed Disposal is an amount in cash equal to the sum of S\$12,300,000.00 (the "**Purchase Price**"). The Purchase Price was arrived at on a willing seller willing buyer basis, taking into account the factors set out in Sections 2.1 and 5 of this Announcement.

- 3.1.2 The Purchaser shall pay the Purchase Price in instalments as follows:

- (a) on or before the date of the SPA, a sum of S\$123,000.00 being 1% of the Purchase Price to be paid to LCCE's Solicitors, Rajah & Tann Singapore LLP ("**LCCE's Solicitors**"). The said sum of S\$123,000.00 shall be paid by cheque made in favour of "Rajah & Tann Singapore LLP-CVY" and shall be held by LCCE's Solicitors as stakeholders pending Completion.
- (b) on or before the date of the SPA, a sum of S\$1,107,000.00 being 9% of the Purchase Price to be paid to LCCE's Solicitors. The said sum of S\$1,107,000.00 shall be paid by cheque made in favour of "Rajah & Tann Singapore LLP-CVY" and shall be held by LCCE's Solicitors as stakeholders pending Completion.

Both the said sums of S\$123,000.00 and S\$1,107,000.00 shall be hereafter referred to as the "**Deposit**".

- (c) on completion of the sale and purchase of the Property under the terms of the SPA (the "**Completion**"), the balance of the Purchase Price and GST on the full Purchase Price and any GST remaining unpaid, together with release of the Deposit to LCCE.

In the event that any cheque delivered pursuant to the SPA is not honoured on first presentation, LCCE shall be entitled forthwith to treat the SPA as null and void ab initio or at LCCE's election to affirm the SPA and proceed in accordance with the terms and covenants contained in the SPA and the sum in the said cheque (together with interest thereon at the rate of 8% per annum from the date that the cheque was delivered up to and including the actual date of payment) shall remain a debt from the Purchaser to LCCE.

#### **3.2 Conditions Precedent**

- 3.2.1 The Proposed Disposal is subject to, *inter alia*, the following conditions precedent:

- (a) the written approval from JTC Corporation ("**JTC**") for the sale and purchase of the Property and the assignment / transfer of the unexpired leasehold term under the building agreement dated 2 October 2006 entered into between

JTC and LCCE in respect of the Property or such remaining leasehold term as may be stipulated by JTC to the Purchaser (the "**JTC Approval**") having been granted by JTC to the sale and purchase of the Property for "recycling of used and production of new asphalt";

- (b) LCCE obtaining the approval of the existing mortgagee of the Property;
- (c) the Purchaser obtaining the approval ("**Competition Commission Approval**") of the Competition Commission of Singapore (the "**CCS**") pursuant to Section 59 of the Competition Act (Cap 50B of Singapore) ("**Competition Act**") to the purchase by the Purchaser of the Property and the Plant and Equipment, without the attachment thereto of any conditions, remedies or commitments except as otherwise acceptable to the parties, acting reasonably; or, in the alternative, the parties reaching an agreement upon advice of the parties' respective outside counsels that no application to the CCS is advisable or required; and
- (d) the Company obtaining the approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), shareholders of the Company and LCCE and each of their respective board of directors (wherever applicable) (each a "**Corporate Approval**") to the sale of the Property (if so required) and the Company and LCCE shall respectively have the sole discretion of determining whether any Corporate Approval is required.

3.2.2 If any of the above conditions precedent is not fulfilled (or not waived by LCCE or the Purchaser) by the date falling twenty-four (24) weeks after the date of the SPA or such other date as may be mutually agreed to between the parties acting reasonably (the "**Long Stop Date**"), the SPA shall ipso facto cease and determine.

### 3.3 Completion Date

Subject to fulfilment of the conditions of the SPA, Completion shall take place at the office of LCCE's Solicitors or such other place as LCCE's Solicitors may specify on the latest of the following dates:

- (a) the date falling on the expiry of twelve (12) weeks from the date of the SPA;
- (b) the date falling twenty one (21) business days from the date of the JTC Approval;
- (c) the date falling fourteen (14) business days from the date of the Shareholders' approval;
- (d) where an Environmental Baseline Study ("**EBS**") is required by JTC under Clause 8 of the SPA, on the date falling on the expiry of fourteen (14) business days after JTC confirms in writing that the EBS is acceptable;
- (e) where decontamination works to be carried out on the Property or any part thereof ("**Decontamination Works**") is required by JTC, on the date falling on the expiry of fourteen (14) business days after JTC confirms in writing that the Decontamination Works carried out are satisfactory; or
- (f) where Decontamination Works is required by JTC and JTC agrees to accept the Purchaser's undertaking to complete the Decontamination Works after Completion, on the date falling on the expiry of fourteen (14) business days

after JTC confirms in writing of its acceptance of the Purchaser's undertaking;  
or

- (g) on the expiry of fourteen (14) business days from JTC's written confirmation that JTC has no objection to LCCE's execution of the transfer/assignment of the Property; or
- (h) the date falling fourteen (14) Business Days from the date of the Purchaser obtaining the Competition Commission Approval of the CCS pursuant to the Competition Act as specified in Clause 2.1(c) of the SPA

(the "**Completion Date**").

### 3.4 Delivery of Possession of the Property and the Plant and Equipment

- 3.4.1 Subject to the Purchaser applying to JTC for JTC's approval to LCCE's continued occupation of the Property from the period commencing on the date of Completion and ending two (2) months after the Completion Date (the "**Occupation Period**"), the parties agree that the Property and the Plant and Equipment shall be delivered to the Purchaser two (2) months after the Completion Date on an "as is where is" basis and during the aforesaid two-month period after the Completion Date, LCCE shall be permitted to continue to remain in occupation of the Property and use the Property and the Plant and Equipment to enable LCCE to relocate its operations out of the Property, free of payment whatsoever except for utilities charges incurred by LCCE for the aforesaid two-month period after the Completion Date.
- 3.4.2 If at any time after the date of the SPA and before Completion, there is Material Damage to the Property and/or the Plant and Equipment, LCCE or the Purchaser may elect by notice in writing to the other Party to rescind the SPA whereupon the Deposit must forthwith be refunded to the Purchaser.
- 3.4.3 In the event that any time after the date of the SPA and before Completion, there is Material Damage to the Property and/or the Plant and Equipment, but the parties have elected not to rescind the SPA, the parties shall mutually agree on a date for LCCE to complete such repair and reinstatement works to make good the Material Damage at its own cost and expense without any payment of interest or compensation to the Purchaser.
- 3.4.4 Under the SPA, "Material Damage" means that any part of the Property and/or the Plant and Equipment is damaged or destroyed such that:
  - (i) any part of the Property is rendered unsafe or inaccessible; or
  - (ii) the total cost of repair of the damage will exceed:
    - (I) S\$1,000,000.00 in respect of the Property; and
    - (II) S\$300,000.00 in respect of the Plant and Equipment,such total cost of repairs to be determined by an independent qualified quantity surveyor accredited by the Singapore Institute of Surveyors and Valuers, jointly appointed by the parties at their joint costs and expense.

#### 4. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest unaudited consolidated financial statements of the Group for the financial period ended 30 September 2015 (“3Q2015”) are as follows:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset <sup>(1)</sup> value of the assets to be disposed of, compared with the Group's net asset value	18.45%
(b)	The net profits <sup>(2)</sup> attributable to the assets disposed of, compared with the Group's net profits	Not applicable to the Proposed Disposal as the subject matters are property, plant and equipment and also because the Group made a net loss for 3Q2015.
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	71.60%
(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 to a disposal.

**Notes:**

(1) “Net asset” means total assets less total liabilities, including non-controlling interests.

(2) “Net profits” means profit or loss before income tax, non-controlling interests and extraordinary items.

As the relative figure in (c) computed on the basis set out in Rule 1006 of the Listing Manual above exceeds 20%, the Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at the EGM.

#### 5. RATIONALE FOR THE PROPOSED DISPOSAL

In line with the Debt Restructuring Plan, the Group has undertaken this Proposed Disposal exercise. The purchase of the Property and the Plant and Equipment was financed and upon completion of the Proposed Disposal and receipt of the Purchase

Price, the Company will settle the corresponding borrowings. Accordingly, the Board believes that the Proposed Disposal is in the best interests of the Company, having regard to the terms of the Proposed Disposal.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

### 6.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Disposal taken as a whole are set out below. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Disposal.

### 6.2 Share Capital

The Proposed Disposal has no impact to the Company's issued share capital.

### 6.3 Net Tangible Assets ("NTA")

Assuming that the Proposed Disposal was completed on 31 December 2014 and based on the Group's audited consolidated financial statements for the financial year 31 December 2014 and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the pro forma financial effects of the Proposed Disposal on the consolidated NTA of the Group are as follows:

	As at 31 December 2014	
	NTA of the Group (S\$'000)	NTA per share (cents)
Before the Proposed Disposal	70,924	0.12
After the Proposed Disposal	77,859	0.13

### 6.4 Earnings Per Share ("EPS")

Assuming that the Proposed Disposal had been completed on 1 January 2014 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014 and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the pro forma financial effects of the Proposed Disposal on the consolidated EPS of the Group are as follows:

	For the financial year ended 31 December 2014	
	Net Profit attributable to the Group (S\$'000)	EPS (cents)
Before the Proposed Disposal	(35,998)	(6.07)
After the Proposed Disposal	(28,216)	(4.77)

## 6.5 Gearing

Assuming that the Proposed Disposal had been completed on 31 December 2014 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014 and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the pro forma financial effects of the Proposed Disposal on the gearing of the Group are as follows:

	As at 31 December 2014		
	Total Debts (S\$'000)	Total Equity (S\$'000)	Gearing Ratio (times)
Before the Proposed Disposal	139,805	70,924	1.97
After the Proposed Disposal	136,207	77,859	1.75

## 7. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Company's directors or substantial shareholders or their associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

## 8. **EGM AND CIRCULAR TO SHAREHOLDERS**

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be dispatched to the Shareholders in due course.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 3 Sungei Kadut Drive Singapore 729556 for a period of three (3) months from the date of this Announcement.

## **10. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

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. FURTHER ANNOUNCEMENTS**

The Company will make further announcements on the Proposed Disposal as appropriate or when there are further developments on the same.

## **12. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Disposal will proceed to completion, as the completion is subject to, *inter alia*, fulfillment of all the conditions precedent in the SPA. Shareholders are advised to read this Announcement and any further announcements and the Circular by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

## **BY ORDER OF THE BOARD**

Toh Choo Huat  
Executive Chairman and Chief Executive Officer

19 May 2016