

LEY CHOON GROUP HOLDINGS LIMITED

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

ANNOUNCEMENT OF FOUR NEW MASTER MURABAHA FACILITY AGREEMENTS OF S\$3,993,750 EACH PURSUANT TO THE DEBT RESTRUCTURING

1. Introduction

- 1.1 The board of directors (the “**Board**”) of Ley Choon Group Holdings Limited (the “**Company**”) wishes to make the following announcement with regards to its debt restructuring exercise.
- 1.2 Pursuant to the debt restructuring exercise, amendments were made to key terms of the Master Murabaha Facility Agreement dated 13 February 2014 (the “**2014 Master Murabaha Facility Agreement**”) entered into between the Company as purchaser with The Islamic Bank of Asia Limited (the “**Bank**”) as the bank and the commodity agent (in such capacity, the “**Commodity Agent**”) for the provision of a Singapore dollar murabaha facility of up to S\$15,000,000. Pursuant to Syariah law requirements, when amendments are made to key terms and conditions of an original agreement, a fresh agreement has to be signed.
- 1.3 In view of the foregoing and in continuation of the 2014 Master Murabaha Facility Agreement, the Company has on 11 October 2016 entered into master murabaha facility agreements 1, 2, 3 and 4 (collectively the “**Master Murabaha Facility Agreements**” and each, the “**Master Murabaha Facility Agreement 1, 2, 3 or 4**”, as the case may be) with the Bank and the Commodity Agent for the provision of a Singapore dollar murabaha facility (the “**Facility**”) in an aggregate amount of up to S\$15,975,000 (or S\$3,993,750 per each Master Murabaha Facility Agreement) (“**Facility Limit**”).
- 1.4 Under the terms of each of the Master Murabaha Facility Agreements, the Bank shall have an option to convert the Conversion Amount (as defined below) thereunder into fully-paid ordinary shares of the Company (“**Conversion Shares**”) at a conversion price of S\$0.081 per Conversion Share (the “**Conversion Price**”) (subject to adjustments as set out in each of the Master Murabaha Facility Agreements) (the “**Proposed Transaction**”).

2. Principal Terms of the Master Murabaha Facility Agreements

- 2.1 Under the terms of each of the Master Murabaha Facility Agreements and subject to the conditions therein, upon delivery by the Company to the Bank of a duly completed transaction request, a Purchase Contract (as defined below) will be entered into between the Company and the Bank. The Purchase Price (as defined below) for each Purchase Contract shall be an amount equal to a quarter of the Facility Limit, as reduced or cancelled in accordance with that Master Murabaha Facility Agreement.

- 2.2 The Deferred Sale Price (as defined below) for each Purchase Contract shall be the aggregate of the Purchase Price for that Purchase Contract and the Profit Amount, each as defined and calculated in accordance with the Master Murabaha Facility Agreements. Such Deferred Sale Price shall be payable by the Company on deferred payment terms in accordance with the Master Murabaha Facility Agreements.
- 2.3 The Commodity Agent shall be appointed agent of the Company, subject to the terms of the Master Murabaha Facility Agreements, to, *inter alia*, sell the Commodities identified in the Purchase Contracts concluded pursuant to the provisions of the Master Murabaha Facility Agreements (“**Relevant Commodities**”) at the Spot Price (as defined below) and the proceeds of any sale of the Relevant Commodities due to the Company shall be paid by the Commodity Agent into such bank account of the Company as the Company may designate.
- 2.4 Further details on the Facilities will be set out in the circular to the Shareholders to be despatched by the Company at a later date (the “**Circular**”).

3. Use of Proceeds

The proceeds from the Facility will be used towards refinancing or paying in full (together with the proceeds of any sale of commodities purchased by it from the Bank under or pursuant to each of the Master Murabaha Facility Agreement 1, 2, 3 or 4) the Company’s indebtedness under the facility made available pursuant to the 2014 Master Murabaha Facility Agreement.

4. Shareholders Undertakings and Call Option

- 4.1 Pursuant to Rule 704(31) of the Listing Manual, the Board wishes to inform that in connection with the Facilities, the Company, the Company’s controlling shareholder, Zheng Choon Holding Pte. Ltd. (“**Zheng Choon**”) and the major shareholders of Zheng Choon, namely Mr Toh Choo Huat, Mr Toh Chew Leong, Mr Toh Swee Kim and Mr Toh Chew Chai (collectively, “**Zheng Choon Shareholders**”) have on 11 October 2016 entered into shareholders’ undertakings (collectively the “**Shareholders Undertakings**” and each, a “**Shareholders Undertaking**”) with the Bank.

Under the terms of each Shareholders’ Undertaking and in consideration of the Bank agreeing to grant the Facilities to the Company:

- (a) Zheng Choon has thereby unconditionally and irrevocably agreed with and undertaken to the Bank that it will, at all times until the Liabilities (as defined below) are Discharged (as defined below), directly or indirectly own not less than 30 per cent. (30.0%) of the issued share capital of the Company; and
- (b) the Zheng Choon Shareholders have thereby unconditionally and irrevocably agreed and undertaken to the Bank that they will, at all times until the Liabilities are

Discharged, together own not less than 96.8 per cent. (96.8%) of the issued share capital of Zheng Choon.

(collectively, the “**Covenants**”)

As at the date of this announcement, Zheng Choon holds approximately 50.03% of the fully-paid ordinary shares of the Company (the “**Shares**”) and the Zheng Choon Shareholders hold 100% of the fully-paid shares of Zheng Choon.

- 4.2** In the event that the any of the Covenants is not met, it will result in a default in the Master Murabaha Facility Agreements and the Bank will have the right to, *inter alia*, demand an immediate repayment of all monies and liabilities owing to them under the Facilities (whether actual or contingent) and may also trigger cross defaults of other borrowings of the Group. Accordingly, the aggregate level of borrowings that may be affected is expected to be, as of the date of this announcement, approximately S\$87 million.
- 4.3** In compliance with Rule 728(1) of the Listing Manual, the Company has obtained an undertaking from each of Zheng Choon and Zheng Choon Shareholders to notify the Company, as soon as he becomes aware, of any share pledging arrangements relating to each of their Shares and of any event, which may result in a breach of the Covenants.
- 4.4** The Bank has also entered into Call Option Agreements 1, 2, 3, and 4 (“collectively the “**Call Options**” and each, the “**Call Option 1, 2, 3 or 4**”, as the case may be) with Zheng Choon (as the Sponsor) and the Company. Under the terms of the Call Options, the Bank has granted Zheng Choon a call option over the Conversion Shares pursuant to which Zheng Choon has the right to require the Bank to sell to it all (and not some only) of the Conversion Shares at the Option Price, which is the amount derived by multiplying (a) the number of Conversion Shares issued or to be issued to the Bank pursuant to its exercise of the Conversion Right (as defined below) with (b) any amount which is (i) the Current Market Price (as defined in each Master Murabaha Facility Agreement) of a Share on the Conversion Date, where such Current Market Price is S\$0.09 or less; or (ii) the amount which is 90% of the Current Market Price of a Share on the Conversion Date, where such Current Market Price is more than S\$0.09.

5. Proposed Issue of Conversion Rights

5.1 Introduction

In connection with each of the Master Murabaha Facility Agreements, the parties thereto have agreed that the Bank (or its nominee) has the right to convert the whole (and not part) of the Conversion Amount into Conversion Shares at any time on or after (a) 1 January 2018 to 31 March 2021 in respect of the Master Murabaha Facility Agreement 1, (b) 1 July 2018 to 31 March 2021 in respect of the Master Murabaha Facility Agreement 2 and (c) 1 January 2019 to 31 March 2021 in respect of the Master Murabaha Facility Agreements 3 and 4

(“**Conversion Periods**”) at the Conversion Price (the “**Conversion Rights**”) (the “**Proposed Issue of Conversion Rights**”).

Accordingly, the Bank (or its nominee) may at any time during the Conversion Period in respect of a Master Murabaha Agreement, give the Company notice of exercise of its Conversion Right in respect of the whole of the Conversion Amount under that Master Murabaha Facility Agreement in accordance with the terms of that Master Murabaha Facility Agreement.

After the Conversion Shares in respect of a Master Murabaha Facility Agreement have been duly issued and/or delivered to the Bank and registered in the name of the Bank or its nominee in accordance with the terms of that Master Murabaha Facility Agreement, the outstanding amount of the Deferred Sale Price of the Purchase Contract under that Master Murabaha Facility Agreement shall immediately be reduced to zero and the Company shall be released and discharged from its liability in respect of the payment of the Deferred Sale Price in respect of that Purchase Contract.

5.2 The Conversion Price

The Conversion Price represents a premium of 189.3% to the volume weighted average price of S\$0.028 on 10 October 2016, being the last trading day of the Shares on the SGX-ST prior to the signing of the Master Murabaha Facility Agreements.

5.3 The Conversion Shares

Subject to the terms and conditions as set out in the Master Murabaha Facility Agreements and assuming that the Facilities are drawn down in full and the Conversion Right in respect of all four Master Murabaha Facility Agreements is fully exercised by the Bank to convert into Conversion Shares, the maximum aggregate number of Conversion Shares that may be allotted and issued is 197,222,222, representing approximately (i) 33.3% of the issued share capital of the Company, as of the Latest Practicable Date; and (ii) 25.0% of the enlarged issued share capital of the Company after the allotment and issue of the 197,222,222 Conversion Shares.

Shareholders should note that the maximum number of Conversion Shares to be issued as set out above, may possibly be increased or decreased following adjustments to the Conversion Price. Further details of adjustments to the Conversion Price will be set out in the Circular.

The Conversion Shares, if and when fully allotted, issued and fully paid, will rank *pari passu* in all respects with the existing ordinary Shares save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the date of issue of the Conversion Shares.

5.4 Listing and Quotation Notice

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Conversion Shares.

6. Information on the Bank

Established in 2007 and headquartered in Singapore, IB Asia is a joint venture partnership between DBS Bank, one of the largest financial services groups in Asia, and prominent investors based in the Gulf Cooperation Council ("**GCC**") which offers merchant banking activities including direct investment, advisory, treasury and capital markets services.

7. Shareholders' approval

7.1 Rule 803 of the Listing Manual states that an issue must not issue securities to transfer a controlling interest without prior approval of shareholders in a general meeting.

7.2 As maximum aggregate number of Conversion Shares that may be allotted and issued is 197,222,222, representing approximately (i) 33.3% of the issued share capital of the Company, as of the Latest Practicable Date; and (ii) 25.0% of the enlarged issued share capital of the Company after the allotment and issue of the 197,222,222 Conversion Shares, the Company will be seeking the specific approval of the Shareholders for the Proposed Issue of Conversion Rights and the issue of the Conversion Shares at an extraordinary general meeting to be convened (the "**EGM**"). Accordingly, the Circular will also contain further details of, *inter alia*, the Proposed Issue of Conversion Rights and the issue of the Conversion Shares and enclosing the notice of EGM in connection therewith to be despatched to the shareholders.

8. Interests of Directors and Substantial Shareholders

Saved as disclosed in this announcement, none of the directors or substantial shareholders of the Company (other than in his capacity as director or shareholder of the Company) has any interest, direct or indirect, in the Proposed Transaction.

9. Cautionary Statement

The Board would like to advise Shareholders that, although the Master Murabaha Facility Agreements have been entered into, completion of the Proposed Transaction is subject to conditions precedents being fulfilled and there is no certainty or assurance as at the date of this announcement that the Proposed Transaction will be completed or that no changes will be made to the terms thereof. Accordingly, Shareholders are advised to exercise caution in dealings with the Shares. Shareholders are advised to read this announcement and any further update announcement(s) released by the Company in connection with the Proposed Transaction carefully. Shareholders should

consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

For the purposes herein:

“Conversion Amount” means, in relation to each of the Master Murabaha Agreements, the whole of the outstanding amount of the Deferred Sale Price relating to that Master Murabaha Agreement (less the amount of Ibra’ (rebate) (if any) that the bank may grant on such outstanding amount in accordance with the terms of that Master Murabaha Agreement).

“Deferred Sale Price” shall mean in relation to a Purchase Contract to be entered into under a Master Murabaha Facility Agreement, the amount payable by the Company to the Bank for the purchase of Commodities under the Purchase Contract and calculated in accordance with the terms and subject to the conditions of the Master Murabaha Facility Agreement.

“Discharge” means in relation to the Liabilities, the Bank being satisfied that all Liabilities have been fully and irrevocably paid or discharged and all commitments of the Bank in respect of the Liabilities have expired or been cancelled.

“Finance Documents” means the following:

- (a) the Master Murabaha Facility Agreements,
- (b) the Shareholders’ Undertakings;
- (c) the Security Documents (as defined in the Master Murabaha Facility Agreements);
- (d) the Security Trust Deed (as defined in the Master Murabaha Facility Agreements);
- (e) when entered into, the documents constituting each Purchase Contract; and
- (f) any other document designated as such by the Bank and the Company.

“Liabilities” means all present and future moneys, debts and liabilities due, owing or incurred by a Chargor (as defined in the Security Trust Deed), the Company, Zheng Choon or any one of Zheng Choon Shareholders to the Bank under or in connection with any Finance Document, (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

“Offer Letter” means the offer in writing from the Bank to the Company (offering to enter into the Purchase Contract) substantially in the form set out in each Master Murabaha Facility Agreement.

“Purchase Contracts” shall mean each agreement for the sale by the Bank of the Commodities and the purchase of the Commodities by the Company on deferred payment terms as set out in a Master Murabaha Facility Agreement.

“Purchase Price” means the amount payable or paid by the Bank to a vendor from whom the Bank shall purchase Commodities in connection with a Facility (the **“Commodity Seller”**), for the purchase of Commodities by the Bank.

“Spot Price” means an all-inclusive selling price in Singapore dollars, for delivery of the Relevant Commodities in respect of a Purchase Contract on the Transaction Date for that Purchase Contract against full and immediate payment, which must be equal to the Purchase Price at which the Bank purchased the Relevant Commodities from the Commodity Seller.

“Transaction Date” means on relation to a Purchase Contract, the date specified as such in the Offer Letter corresponding to that Purchase Contract, being the date on which the Bank intends to sell the Company the Commodities under that Purchase Contract.

BY ORDER OF THE BOARD

Toh Choo Huat

Executive Chairman and Chief Executive Officer

11 October 2016