

# LEY CHOON GROUP HOLDINGS LIMITED

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

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## PROPOSED DISPOSAL OF 60% OF THE REGISTERED CAPITAL OF LEY CHOON (YANTAI) ECO-GREEN CONSTRUCTION MATERIALS LTD. – RESPONSE TO SGX QUERIES

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*Unless otherwise defined herein or the context otherwise requires, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Company's announcement dated 31 March 2020 in relation to the Proposed Disposal of 60% of the total registered capital of Ley Choon (Yantai) Eco-Green Construction Materials Ltd. (立塔(烟台)环保建材科技有限公司) ("LCYT") (the "Announcement").*

Further to the Announcement, the board of directors (the "Board" or the "Directors") of Ley Choon Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group") wishes to provide the following additional information in response to the queries raised by the SGX-ST on 1 April 2020:

### **SGX-ST's Query 1**

**In the computation of CR1006(c), the net profits attributable to the Sale Shares of S\$0.3m were due to unrealised foreign exchange gain (due to revaluation of accounts payable and accounts receivable as required by the relevant financial reporting standards) and recognition of government grant as one-off deferred income in the financial statements of LCYT. Please let us know what is the net profits attributable to the Sale Shares if it excludes the recognition of government grant as one-off deferred income in the financial statements of LCYT?**

#### Company's Response

The net loss attributable to the Sale Shares (excluding one-off item of approximately S\$342,000, representing 60% of the total government grant) is S\$20,000. Based on the adjusted net loss for 9M2020, the relative figure computed pursuant to Rule 1006(b) would be 4.2% which would not exceed 50% and the Proposed Disposal would fall under the situations as set out in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules.

### **SGX-ST's Query 2**

**Who solicited and arranged for the sale to Purchaser A and B?**

#### Company's Response

The Purchasers were introduced to the Company by the business contact and local management in the PRC. No introducer fees were paid to any business contact and local management.

### **SGX-ST's Query 3**

**What is the reason for not commissioning a valuation, as would be required pursuant to CR1014(2) if it is deemed as a major transaction?**

#### Company's Response

The Company commenced the sale discussions/negotiations in June 2019. There was a valuation commissioned by the Company for the Property Plant & Equipment ("PPE") items of LCYT for audit purposes for FY2019. Pursuant to the valuation report dated 15 June 2019 which was conducted based

on the market comparison and depreciated replacement cost approach, the value placed on the PPE items was approximately RMB60 million. As such, the Company decided to rely on this valuation report for its negotiation with potential buyers. In addition, notwithstanding that the Proposed Disposal is the sale of registered capital of LCYT, PPE constitutes a significant proportion of the Statement of Financial Position of LCYT as at 31 December 2019 and the net asset value derived from the valuation was S\$5.4 million. Accordingly, the consideration for the Sale Shares does not significantly vary from the valuation of the net asset value. Hence, the Company decided to rely on the valuation of PPE items which was done for audit purposes for FY2019 as an indicative price for the purpose of the negotiation.

**BY ORDER OF THE BOARD**

Toh Choo Huat

Executive Chairman and Chief Executive Officer

3 April 2020

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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