

LEY CHOON GROUP HOLDINGS LIMITED

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

NON LEGALLY BINDING TERM SHEET FOR THE PROPOSED ISSUE OF CONVERTIBLE INSTRUMENTS WORTH APPROXIMATELY S\$15 MILLION

1. Introduction

The directors of Ley Choon Group Holdings Limited (the “**Company**”) wish to announce that the Company has on 20 December 2013 entered into a non-legally binding term sheet (the “**Term Sheet**”) with The Islamic Bank of Asia Limited (“**IB Asia**”) for the proposed issue of convertible instruments worth approximately S\$15 million, structured under the Shariah financing principle of Murabaha and convertible into shares of the Company (the “**Proposed Transaction**”).

2. Information on IBA

- 2.1 IB Asia was established in 2007 as 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**”). This unique shareholding structure affords IB Asia enhanced visibility and intellectual insight across the two leading global Islamic banking hubs of Asia and the GCC.
- 2.2 Headquartered in Singapore and strategically positioned at the financial crossroads of Asia, IB Asia focuses on merchant banking activities including direct investment, advisory, treasury and capital markets services.

3. Salient Terms of the Proposed Transaction

- 3.1 The Proposed Transaction is subject to the fulfilment of, *inter alia*, the following conditions precedent:
- (i) final approval of the Proposed Transaction by the Investment Committees of IB Asia and approval by the Shariah Supervisory Board of IB Asia;
 - (ii) satisfactory completion of the legal, business, technical and financial due diligence by IB Asia as well as independent professional auditor and/or lawyer appointed by IB Asia for such purpose, if necessary;
 - (iii) no material adverse change in the business conditions and prospects of the Company and its subsidiaries

- (iv) all relevant approvals and consents (governmental or otherwise) having been obtained by the Company, including without limitation, the relevant approval being obtained from the Company's shareholders and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and
- (v) all conditions precedent as set out in the Term Sheet being met by the Company and definitive legal agreement (the "**Agreement**") being properly prepared in accordance with the Term Sheet and in a form and substance acceptable to the Company and IB Asia.

3.2 The Parties agree that the IB Asia shall be granted an exclusivity period to negotiate and complete the Proposed Transaction for a period of at least 3 months commencing from the signing of the Term Sheet.

4. Further Information

4.1 Further announcements on the Proposed Transaction, including the terms, financial effects and other information as may be required under the SGX-ST's Listing Manual, will be made in due course when the Agreement is signed, or as and when appropriate.

4.2 The Company will also in due course prepare the circular to the shareholders containing further details of the Proposed Transaction and enclosing the notice of Extraordinary General Meeting to be convened in connection therewith to be despatched to shareholders.

5. 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.

6. Cautionary Statement

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 (i) the Agreement will be entered into; (ii) the terms of the Proposed Transaction will not change from that in the Terms Sheet; and (iii) the Proposed Transaction will proceed. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Toh Choo Huat

Executive Chairman and Chief Executive Officer

23 December 2013

*DMG & Partners Securities Pte Ltd was the financial adviser to the Company for the acquisition of the entire issued and paid-up share capital of Ley Choon Constructions and Engineering Pte Ltd (the “**Financial Adviser**”). The Financial Adviser assumes no responsibility for the contents of this announcement.*