

**CIRCULAR DATED 11 SEPTEMBER 2019**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.**

If you have sold or transferred all your shares in the capital of SLB Development Ltd. (the “**Company**”), held through the Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting (“**Notice**”) and the accompanying proxy form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice and proxy form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company (“**Shares**”) which are not deposited with CDP, you should immediately forward this Circular, the Notice and the accompanying proxy form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer of Shares was effected for onward transmission to the purchaser or the transferee.

Your attention is drawn to the Section 6 entitled “Risk Factors” on page 20 to page 24 of this Circular, which you should review carefully.

*This Circular has been reviewed by the Company’s Sponsor, SAC Capital Private Limited (the “**Sponsor**”). This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.*

*The contact person for the Sponsor is Ms Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone: 65 6232-3210.*



(Company Registration Number: 201729864H)  
(Incorporated in the Republic of Singapore)

## **CIRCULAR TO SHAREHOLDERS**

### **IN RELATION TO**

**THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS INTO THE FUND MANAGEMENT BUSINESS, WHICH INCLUDES:**

- 1. THE FORMATION OF NEW SUBSIDIARIES, STRATEGIC ALLIANCES AND/OR INVESTMENT INTO JOINT VENTURES WITH THIRD PARTIES TO UNDERTAKE THE BUSINESS OF FUND MANAGEMENT AS A FUND MANAGER; AND**
- 2. THE INVESTMENT IN FUNDS MANAGED BY FUND MANAGERS.**

### **IMPORTANT DATES AND TIMES**

- |                                                |   |                                                                                                                                                                                                            |
|------------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Last date and time for lodgement of Proxy Form | : | 23 September 2019 at 11:00 a.m.                                                                                                                                                                            |
| Date and time of Extraordinary General Meeting | : | 26 September 2019 at 11:00 a.m. (or as soon as practicable following the conclusion or adjournment of the Company’s annual general meeting to be held on the same day and at the same venue at 10:00 a.m.) |
| Place of Extraordinary General Meeting         | : | 29 Harrison Road,<br>Lian Beng Building,<br>Singapore 369648                                                                                                                                               |

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “accredited investors”* : (i) an individual –
- (A) whose net personal assets exceed in value the minimum amount of \$2 million (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount, and in determining whether an individual’s net personal assets exceeds the minimum amount, the estimated fair market value of an individual’s primary residence less any outstanding amounts in respect of any credit facility granted to the individual or any other person that is secured by that residence, shall not account for more than \$1 million (or its equivalent in a foreign currency) of the minimum amount; or
  - (B) whose income in the preceding 12 months is not less than \$300,000 (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe in place of the first amount;
- (ii) a corporation with net assets exceeding \$10 million in value (or its equivalent in a foreign currency) or such other amount as the Authority may prescribe, in place of the first amount, as determined by –
- (A) the most recent audited balance-sheet of the corporation; or
  - (B) where the corporation is not required to prepare audited accounts regularly, a balance-sheet of the corporation certified by the corporation as giving a true and fair view of the state of affairs of the corporation as of the date of the balance-sheet, which date shall be within the preceding 12 months;
- (iii) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or
- (iv) such other person as the Authority may prescribe

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## DEFINITIONS

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<i>“Associate”</i>	:	(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:–  (i) his immediate family;  (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and  (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more  (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
<i>“associated company”</i>	:	A company in which at least 20% but not more than 50% of its shares are held by the Group
<i>“Audit Committee”</i>	:	The audit committee of the Company as at the date of this Circular
<i>“Board”</i>	:	The board of Directors of the Company as at the date of this Circular
<i>“CMS”</i>	:	Capital market services
<i>“Catalist Rules”</i>	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
<i>“CEO”</i>	:	Chief Executive Officer
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular to Shareholders dated 11 September 2019 in respect of the Proposed Diversification
<i>“Companies Act”</i>	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
<i>“Company”</i>	:	SLB Development Ltd.

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## DEFINITIONS

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<i>“Constitution”</i>	:	The Constitution of the Company
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the relevant entity
<i>“Controlling Shareholder”</i>	:	A person who:  (a) holds directly or indirectly 15% or more of the issued Shares of the Company; or  (b) in fact exercises Control over the Company
<i>“Directors”</i>	:	The directors of the Company as at the date of this Circular
<i>“EGM”</i>	:	The extraordinary general meeting of the Company, notice of which is given on page 29 of this Circular
<i>“Fund Management Business”</i>	:	The proposed fund management business as described in Section 3 of this Circular
<i>“FY”</i>	:	Financial year of the Company ended or ending 31 May (as the case may be)
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“institutional investor”</i>	:	(i) the Government;  (ii) a statutory board specified in Part I of the Fifth Schedule;  (iii) any sovereign fund entity or government-owned entity;  (iv) any central government in a jurisdiction other than Singapore;  (v) any central governmental agency in a jurisdiction other than Singapore;  (vi) any multilateral agency, organisation or entity specified in Part II of the Fifth Schedule;  (vii) a bank that is licensed under the Banking Act (Cap. 19);  (viii) a merchant bank that is approved as a financial institution under section 28 of the Monetary Authority of Singapore Act (Cap. 186);

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## DEFINITIONS

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- (ix) a finance company that is licensed under the Finance Companies Act (Cap. 108);
  - (x) a company or co-operative society that is licensed under the Insurance Act (Cap. 142) to carry on insurance business in Singapore;
  - (xi) a company licensed under the Trust Companies Act (Cap. 336);
  - (xii) a holder of a capital markets services licence;
  - (xiii) a person (other than an individual) carrying on business outside Singapore, the conduct of which, if carried on in Singapore, would require such person to be licensed as a holder of a capital markets services licence, or licensed to carry on insurance business under the Insurance Act (Cap. 142), or licensed, registered, approved or regulated by the Authority under the Banking Act (Cap. 19), Monetary Authority of Singapore Act (Cap. 186), Finance Companies Act (Cap. 108) or Trust Companies Act (Cap. 336);
  - (xiv) a pension fund or collective investment scheme;
  - (xv) a person (other than an individual) who carries on the business of dealing in bonds with accredited investors or expert investors;
  - (xvi) the trustee of such trust as the Authority may prescribe, when acting in that capacity; or
  - (xvii) such other person as the Authority may prescribe
- “Interested Person”* : (a) a director, chief executive officer, or controlling shareholder of the issuer; or
- (b) an Associate of any such director, chief executive officer, or controlling shareholder.
- “Investment Committee”* : The investment committee established by the fund manager which shall have the power to make all investment decisions which fall within the mandate of the respective funds managed by the fund manager
- “Latest Practicable Date”* : 26 August 2019, being the latest practicable date prior to the printing of this Circular



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## DEFINITIONS

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<i>“LBG”</i>	:	Lian Beng Group Ltd and its subsidiaries
<i>“MAS” or the “Authority”</i>	:	The Monetary Authority of Singapore
<i>“Notice of EGM”</i>	:	The notice of EGM which is set out on page 29 of this Circular
<i>“PRC”</i>	:	The People’s Republic of China, excluding Hong Kong and Macau
<i>“Property Development Business”</i>	:	The existing property development activities undertaken by the Group as described in Section 2 of this Circular
<i>“Property Management”</i>	:	The business of property management which involves undertaking the management and operations (including development or redevelopment) relating to any type of land, properties or other real estate assets
<i>“Proposed Diversification”</i>	:	The proposed diversification of the Group’s Property Development Business to include the Fund Management Business
<i>“RFMC”</i>	:	A registered fund management company which is exempted from holding a CMS Licence pursuant to paragraph 5(1)(i) of the second schedule of the SF(LCB)R which will undertake the Fund Management Business
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
<i>“SFA”</i>	:	Securities and Futures Act (Chapter 289) of Singapore as may be amended, modified or supplemented from time to time
<i>“SF(LCB)R”</i>	:	Securities and Futures (Licensing and Conduct of Business) Regulations (Cap. 289, Regulation 10), as may be amended, modified, or supplemented from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	:	Ordinary share(s) in the share capital of the Company
<i>“Shareholders”</i>	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares

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## DEFINITIONS

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*“Substantial Shareholders”* : A person (including a corporation) who holds directly or indirectly 5% or more of the issued Shares of the Company

### **Currencies, Units and Others**

*“S\$” or “\$”* : Singapore dollar

*“Sq m”* : Square metre

*“%” or “per cent”* : Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “Direct Account Holder” shall have the same meaning ascribed to the term “account holder” in Section 81SF of the SFA.

The expressions “subsidiary” or “related corporations” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

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## LETTER TO SHAREHOLDERS

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### SLB DEVELOPMENT LTD.

(Company Registration Number: 201729864H)  
(Incorporated in the Republic of Singapore)

#### Board of Directors

Ong Lay Koon (Non-Executive Non-Independent Chairman)  
Ong Eng Keong (Executive Director and Chief Executive Officer)  
Owi Kek Hean (Lead Independent Director)  
Foo Der Rong (Independent Director)

#### Registered Office

29 Harrison Road, #07-00,  
Lian Beng Building,  
Singapore 369648

11 September 2019

To: The Shareholders of SLB Development Ltd.

Dear Sir/Madam

#### **THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS INTO THE FUND MANAGEMENT BUSINESS, WHICH INCLUDES:**

- 1. THE FORMATION OF NEW SUBSIDIARIES, STRATEGIC ALLIANCES AND/OR INVESTMENT INTO JOINT VENTURES WITH THIRD PARTIES TO UNDERTAKE THE BUSINESS OF FUND MANAGEMENT AS A FUND MANAGER; AND**
- 2. THE INVESTMENT IN FUNDS MANAGED BY FUND MANAGERS.**

#### **1. INTRODUCTION**

- 1.1 The Group intends to seek Shareholders' approval for the Proposed Diversification into the Fund Management Business as further described in Section 3 of this Circular, which includes:
  - (a) The formation of new subsidiaries, strategic alliances and/or investment into joint ventures with third parties to undertake the business of fund management as a fund manager; and
  - (b) The investment in the funds managed by fund managers, such as through participation by way of a limited partner or shareholder in the fund company.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Diversification and to seek Shareholders' approval for the Proposed Diversification at the forthcoming EGM by way of ordinary resolution. The Notice of EGM is set out on page 29 of this Circular.
- 1.3 Shareholders are advised to read the "Risk Factors" set out in Section 6 of this Circular carefully in relation to the risks involved pursuant to the Proposed Diversification.

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## LETTER TO SHAREHOLDERS

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### 2. EXISTING BUSINESS OF THE GROUP

- 2.1 The Group is a diversified property developer with extensive experience and track record across the residential, mixed-use as well as industrial and commercial sectors, and property development projects ranging from small to large scale.

The Group's property development activities include:

- (i) the acquisition and/or development of land;
- (ii) the redevelopment of existing buildings into newly built properties; and
- (iii) the redevelopment of existing buildings by increasing gross floor area including but not limited to structural works,

for the purposes of increasing their capital value and realising such increased capital value with the objective of achieving the sale of the properties.

- 2.2 Currently, the Group's projects are mainly in Singapore, with a joint venture mixed-use property development project in the Hebei Province, PRC. The Group intends to leverage upon its management team's experience, network and track record to diversify into the Fund Management Business, details of which are set out in Section 3 of this Circular.

### 3. THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE FUND MANAGEMENT BUSINESS

#### 3.1 Information regarding the Proposed Diversification

The Group proposes to expand its core business to include the business of fund management within the meaning of the SFA, which involves managing the property of, or operating, a collective investment scheme or undertaking on behalf of customers (whether on a discretionary basis or otherwise) the management of a portfolio of capital markets products, the entry into spot foreign exchange contracts for the purpose of managing the customer's funds but does not include real estate investment trust management.

The Fund Management Business will include but is not limited to:

- (i) Forming of new subsidiaries and/or investing into entities which will act as fund manager, whether through joint ventures and/or strategic alliances with third parties. The fund manager will undertake activities such as setting up funds, establishing investment strategies, analysing potential investment opportunities, producing research notes, formulating and implementing investment strategies and solutions, and executing investments in accordance with the relevant mandate of the funds. It will also manage and maintain the assets and portfolio of clients, as well as other activities ancillary or complementary to fund management such as Property Management;

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## LETTER TO SHAREHOLDERS

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- (ii) Raising funds to invest in various asset classes such as quoted and unquoted securities, fixed income, money market instruments and derivatives, commodities and real estate assets mainly across the Asia-Pacific region, Western Europe and North America, in countries such as Singapore, the United Kingdom, the PRC, Australia, Hong Kong, Japan, Korea, Vietnam, Malaysia, Cambodia and Myanmar; and
- (iii) Investing in funds managed by fund managers, such as through participation by way of a limited partner or shareholder in the fund company, for the purpose of income and capital gain at the end of the fund tenure. For the avoidance of doubt, the investing in funds is not restricted only to funds managed by fund management entities formed by the Group.

There is no intention to restrict the Fund Management Business to any particular business sector or industry. The Group will remain prudent by taking into account the financial condition and cash flow requirements of the Group in deciding the amount for each allocation and/or investment and to ensure that the financial exposure of the Group is managed.

The Group's initial primary focus will be on establishing funds mainly invested in real estate assets in order to leverage on its existing strengths in the Property Development Business. For more details on the initial scope of the funds to be set up, please refer to Section 3.2.3 of this Circular.

### **3.2 The Fund Management Business**

#### **3.2.1 Structure of the Fund Management Business**

The Fund Management Business will become a new segment of the Group's business, which will be operated via a new vehicle or vehicles for the purpose of risk management. It is envisaged that at the onset, the Company will enter into joint ventures or strategic alliances with third parties who are experienced in the field of fund management to undertake the Fund Management Business, and act as fund manager. Subsequently, as the Fund Management Business of the Group becomes more established, the Group may consider undertaking the Fund Management Business through one or more wholly-owned subsidiaries.

The duties as a fund manager include seeking investors with capital to invest into the fund, overseeing asset management strategies, managing fund-related matters including financing, tax and regulatory matters, handling investor relations and proactively sourcing for viable investments by the funds.

As fund manager, the Group will be entitled to fund management fees based on a percentage of contributed capital, receive fees for services connected to the acquisition and divestment of properties by some of the funds such as property management fees, as well as a performance and/or incentive fee for certain funds if the internal rate of return exceeds certain specified return level. It is envisaged for the Group to invest its own capital in funds that they manage alongside that of the fund investors.

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## LETTER TO SHAREHOLDERS

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### 3.2.2 Regulatory requirements

Fund management in Singapore is a regulated activity under the SFA, and is subject to the supervision and regulation of MAS. The current regulatory regime requires a corporation carrying on the business of fund management to either hold a CMS licence authorising it to carry on the businesses of fund management, or be registered with MAS.

It is intended for the Fund Management Business to operate via a RFMC facility at the onset. A RFMC may carry out business in fund management in Singapore on behalf of not more than 30 accredited and/or institutional investors (collectively, “**qualified investors**”), of which not more than 15 may be collective investment schemes, closed-end funds, or limited partnerships. The total value of the assets managed by the RFMC may not exceed S\$250 million.

In order to be registered as a RFMC, the RFMC must meet, amongst others, the following requirements:

(1) Competency of key individuals

A RFMC should ensure that the minimum competency requirements of its key individuals are met. These requirements include, *inter alia*:

- (a) having a minimum of 2 directors, each with at least 5 years of relevant experience, 1 of whom is to be an executive director residing in Singapore and employed full time in the day-to-day operations of the fund management company and 1 of whom is to be the CEO;
- (b) employing at least 2 relevant professionals, each with at least 5 years of relevant experience and who are residing in Singapore. Relevant professionals may include the directors, CEO and representatives of the fund management company; and
- (c) employing at least 2 representatives residing in Singapore. Representatives are individuals who conduct activities such as portfolio construction and allocation, research and advisory, business development and marketing or client servicing, and may include the directors and CEO of the fund management company.

(2) Fit and proper

A RFMC should satisfy MAS that the shareholders, directors, representatives and employees of the fund management company are fit and proper in accordance with the Guidelines on Fit and Proper Criteria issued by MAS.

(3) Base capital

A RFMC shall at all times meet the base capital thresholds set out in the SF(LCB)R, being S\$250,000 upon obtaining its licence or being registered with MAS.

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## LETTER TO SHAREHOLDERS

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(4) Compliance arrangements

A RFMC should ensure that it has in place compliance arrangements that are commensurate with the nature, scale and complexity of its business. This may take the form of an independent compliance function, compliance support from overseas affiliates and/or use of external service providers that meet the aforementioned requirements.

(5) Risk management framework

A RFMC shall put in place a risk management framework to identify, address and monitor the risks associated with customers' assets that it manages, as required by the SF(LCB)R. Such risk management framework should address (i) the governance, independence and competency of the risk management function; (ii) identification and measurement of risks associated with customer assets; (iii) timely monitoring and reporting of risks to management, and (iv) documentation of risk management policies, procedures and reports.

(6) Internal audit and independent annual audits

A RFMC's business activities shall be subject to adequate internal audit, which should be commensurate with the scale, nature and complexity of its operations. In addition, a RFMC shall meet the annual audit requirements as set out in the SFA and the SF(LCB)R.

The fund manager may, in future, consider applying to MAS for the requisite CMS licence to carry out the regulated activity of fund management as a (i) Licensed Accredited/ Institutional Fund Management Company, which would enable the FMC to carry on business in fund management with qualified investors only, without restriction on the number of qualified investors; or (ii) Licensed Retail Fund Management Company, which would enable the Group to carry on business in fund management with all types of investors.

In the initial stage of the Fund Management Business, the Group is likely to focus on the Singapore market, with a view to expand into the regions mentioned in Sections 3.1(ii) and 3.2.3 of this Circular. Aside from the relevant approval from MAS required by the fund manager for it to undertake the Fund Management Business in Singapore, the fund manager may in this regard require licence(s) to operate the Fund Management Business in such other jurisdictions into which the Group may venture. The Group may apply for such licence(s) on its own or may collaborate with third parties who have such licence(s) for its Fund Management Business.

### 3.2.3 Scope of the Fund Management Business

The initial investment funds established by the fund manager pursuant to the Fund Management Business will mainly be opportunistic private equity funds targeted at institutional, high net worth, and/or accredited investors which will invest primarily in real estate assets across the Asia-Pacific region, Western Europe and North America, in countries such as Singapore, the United Kingdom, the PRC, Australia, Hong Kong, Japan, Korea, Vietnam, Malaysia, Cambodia and Myanmar.

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## LETTER TO SHAREHOLDERS

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Where the fund manager intends to provide Property Management services, such services may be provided in-house by the fund manager, by other subsidiaries of the Group or out-sourced to third parties who have the relevant experience and licence(s), depending on the circumstances at the relevant time.

The full scope of the Fund Management Business is detailed in Section 3.1 of this Circular.

### 3.2.4 Key management personnel of the Fund Management Business

The Fund Management Business of the Group will be headed by Mr. Ong Eng Keong (“**Matthew Ong**”), the Company’s Executive Director and CEO. He will be involved in the establishment of the Fund Management Business and will use his expertise in real estate development and his network of contacts to spearhead the new business segment. He has over ten years of experience in the property and construction industry and is currently in charge of, among others, setting the Group’s overall direction, management of the Group’s day-to-day operations, as well as seeking and developing new business opportunities, including sourcing and conducting feasibility studies of land sites and properties both locally and overseas.

### 3.2.5 Key management personnel of the fund manager

The fund manager will comprise a core team of at least two relevant professionals, each with at least five years of relevant experience and who are residing in Singapore, to apply for registration as a RFMC at the appropriate time.

The fund manager will be responsible for complying with the relevant regulatory requirements for the Fund Management Business, including the hiring of the relevant personnel. Where necessary, ancillary work functions of the fund manager may be outsourced to third parties who have expertise in the relevant area.

### 3.2.6 Board of the fund manager

The board of the fund manager will be responsible for the setting, overseeing and monitoring of the overall investment strategy and direction, determining the operational structure and governance related matters of the funds to be managed by the fund manager. It is intended that where the Group has Control or is the single largest shareholder of the fund manager, Matthew Ong will be appointed on the board of the fund manager to ensure oversight of the Fund Management Business. Matthew Ong will, on a quarterly basis and where necessary, keep the Board of the Company apprised of developments relating to the Fund Management Business.

### 3.2.7 Investment Committee of the fund manager

The investment acquisition and divestment decisions and other key decisions relating to the investment funds will be made by an Investment Committee of the fund manager. The Investment Committee will comprise of individuals with varied qualifications and experience who can provide strategic vision and policy on the Fund Management Business.

The Investment Committee will set certain predetermined criteria such as the projected rate of return, investment objectives, potential costs and risks involved, based on the fund mandate of the respective fund. Each investment proposed to be acquired by the fund manager on behalf of the relevant fund will be evaluated by the Investment Committee



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## LETTER TO SHAREHOLDERS

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against the aforesaid criteria and the Investment Committee will then make a decision on whether to proceed with the specific investment. The Investment Committee will update the board of the fund manager regularly with the details of the investments by the relevant funds under the management of the fund manager and the performance of such investments.

### 3.2.8 Funding for the Proposed Diversification

The Group intends to initially fund the Fund Management Business through internal funds and retained earnings generated from the Group's business operations and the Group's existing credit facilities. The Group may also consider tapping the capital markets in various ways such as raising funds by way of rights issues and placements, and/or issuing debt instruments, as and when necessary and deemed appropriate.

As at the Latest Practicable Date, the Group has not identified any specified projects to invest in for the Fund Management Business.

### 3.2.9 Risk management measures and safeguards

The Board recognises the importance of internal control and risk assessment for the smooth running of the Group's business. To address the risks presented by the Fund Management Business to the Group, the Group currently has in place a system of risk management and internal controls as required by the Singapore Code of Corporate Governance 2012. If and/or when the Proposed Diversification is approved, the risks presented by the Fund Management Business to the Group will be managed under the existing system of risk management and internal controls, which will determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group will also comply with the risk management requirements imposed by MAS, including but not limited to MAS's Guidelines on Risk Management Practices, in relation to activities relating to the Fund Management Business. The Group will endeavour to ensure that the risk management systems implemented are commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the entities engaging in the Fund Management Business.

Where necessary, the audit committee of the Company and the Board will:

- (1) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to the Fund Management Business; and
- (2) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

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## LETTER TO SHAREHOLDERS

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### 4. POTENTIAL CONFLICTS OF INTEREST

#### 4.1 Potential conflicts of interest

Pursuant to the Catalist Rules, conflicts of interest arise when any of the Directors, Controlling Shareholders and/or their Associates of the Company:

- (i) Carry on business transactions with the Group or provide services to or receive services from the Group;
- (ii) Lend to or borrow from the Group;
- (iii) Lease property to or from the Group; or
- (iv) Have an interest in businesses that are competitors, suppliers or customers of the Group.

As mentioned in Section 3.2.1 of this Circular, the Group intends to commence the Fund Management Business via joint ventures and/or strategic alliances with third parties who have expertise in fund management. There is currently no intention to undertake the Fund Management Business with any of the Interested Persons. If the Group invests in any funds or entities in which any Director, Chief Executive Officer or Controlling Shareholder of the Company, and their Associates together have an interest 30% or more, it will be regarded as an interested person transaction under Chapter 9 of the Catalist Rules. In addition, if the Group's Controlling Shareholder, LBG invests in the funds managed by the fund manager, LBG may pay management fees to the fund manager for managing of the fund. This will be deemed as interested person transactions pursuant to Chapter 9 of the Catalist Rules, in which case such transactions will be required to comply with the provisions of Chapter 9 of the Catalist Rules.

As there is no intention to restrict the Fund Management Business to any business sector or industry, there may be instances where the Fund Management Business acquires real estate assets and/or land for the portfolio of the funds managed by the fund manager. In such situations, it may be perceived that the Fund Management Business faces a conflict of interest with the core Property Development Business of the Group, particularly if the fund manager and the Group bid for the same piece of land or property.

In the same respect, the Fund Management Business may compete with rental income generating real estate assets with the Group's Controlling Shareholder, LBG. To mitigate the potential conflicts, certain safeguards are proposed by the Group to address such conflicts, and will be put in place as and when required. Please refer to Sections 4.2 and 4.3 of this Circular for more details on the proposed safeguards to mitigate the potential conflicts of interest between (a) the Fund Management Business and the Group's Property Development Business and (b) the Fund Management Business and LBG's Property Investment Business (as defined in Section 4.3 of this Circular).

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## LETTER TO SHAREHOLDERS

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### 4.2 Mitigation of potential conflicts between the Fund Management Business and the Group's Property Development Business

To mitigate the potential conflict of interest identified in Section 4.1(a) of this Circular, it is proposed that:

- (i) Where the Group has Control or is the single largest shareholder of the fund manager, and/or the funds invested by the fund manager holds a significant interest in the underlying real estate asset, the Group will, where legally and contractually permissible, procure the fund manager to provide the Group a right of first refusal to invest in and/or provide property development management services (which include, among others, managing the planning and design of the property development projects, organising showflat and sales launches, executing the sales strategy for the development and monitoring the progress of construction) for buildings, lands and other real estate assets identified for acquisition or investment by funds managed by the fund manager, on normal commercial terms and at arm's length; and
- (ii) where the Group has Control or is the single largest shareholder of the fund manager, the Group will, where legally and contractually permissible, procure the fund manager to provide the Group a right of first refusal to invest into the individual funds established by the fund manager.

### 4.3 Mitigation of potential conflicts between the Fund Management Business and LBG's Property Investment Business

The Group's Controlling Shareholder, LBG (excluding the Group) is mainly engaged in the business of providing building construction services and construction-related services, such as scaffolding, metal work and engineering work, for residential, industrial, commercial projects and civil engineering projects. LBG (excluding the Group) is also involved in the investing in: (a) residential, commercial, industrial, and hospitality properties in Singapore and overseas for rental income and capital growth ("**Property Investment Business**"); and (b) quoted and unquoted securities such as corporate bonds and shares for yield.

To mitigate the potential conflict of interest identified in Section 4.1(b) of this Circular, the Fund Management Business of the Group will run independently from LBG and the fund manager will have a separate management team and board of directors from that of LBG. The directors of LBG:

- (i) will not have any nominee directors appointed by them in the Fund Management Business;
- (ii) will not, directly or indirectly, make any executive decisions for the Fund Management Business and/or participate in the management of the Fund Management Business; and
- (iii) will not, directly or indirectly influence or participate in the operations and day-to-day business of the Fund Management Business.

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In this regard, Ms Ong Lay Koon, being the Non-Independent Non-Executive Chairman of the Company and the nominee director of LBG, will:

- (a) Not be appointed as a director on the board of the fund manager, a member of the Investment Committee, or otherwise be involved in the management of the Fund Management Business; and
- (b) Abstain from deliberating and voting at the Board in respect of investment of assets for the Fund Management Business, where there is any conflict of interest arising between the Fund Management Business and the Property Investment Business of LBG.

Matthew Ong, the CEO and Executive Director of the Company, is the son of Mr Ong Pang Aik and nephew of Ms Ong Lay Huan, the Company's indirect Controlling Shareholders, and the nephew of Ms Ong Lay Koon. He will not be involved in any deliberation or voting in respect of any matter where there is conflict of interest arising between the Fund Management Business and the Property Investment Business of LBG. In addition, whilst he may be appointed to the board of the fund manager to ensure oversight of the Fund Management Business, he will not be appointed as a member of the Investment Committee and will not be directly involved in investment acquisition and divestment decisions related to the investment funds.

While the fund manager may acquire real estate assets for rental income which is similar to the business of LBG, it is currently envisaged that the type of property investment assets invested by LBG and the fund manager will be largely different. LBG typically acquires properties with long weighted average lease expiry which translate to stable recurring income for LBG over time. Conversely, the fund manager is focused in investing in properties in which the value of the assets can be increased substantially for the purpose of capital appreciation and eventual sale upon the expiry of the fund's tenure. This is usually done by acquiring run-down assets and carrying out addition and alteration works or redevelopment works on the properties to enhance the value of the assets.

The Group's Audit Committee shall consider the sufficiency of controls in place with regards to addressing conflicts of interests and potential conflicts of interests. In addition to compliance with those set out in this Section 4. In addition, the Group's Audit Committee shall undertake periodic review or more frequently if necessary, to ensure that the above policies and undertakings set out in this Section 4 are complied with.

### **5. RATIONALE FOR THE PROPOSED DIVERSIFICATION**

The Group proposes to diversify its existing business to include the Fund Management Business for the following reasons:

#### **5.1 The Proposed Diversification can raise capital to fund development projects**

The Group's existing Property Development Business is capital intensive and requires a significant amount of funding. This funding has conventionally been provided to the Group by shareholders' loans or bank financing, which may require security via mortgage of land. Further, bank borrowings are capped by the specified security margins, resulting in bank borrowings being limited for the Group's Property Development Business.

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Funds raised pursuant to the Fund Management Business would thus serve as an alternative source of additional funds to the traditional bank borrowings for the expansion of the Group's existing Property Development Business.

### 5.2 **The Proposed Diversification is expected to facilitate the Group's business development goals**

The Proposed Diversification is expected to facilitate the Group's business development goals in the existing Property Development Business. The Group's network of contacts is likely to expand with the Group's engagement in the Fund Management Business by providing, *inter alia*, a larger network of contacts as the Group engages other corporations, institutions, entities and persons in the course of the business and operations of the Fund Management Business. This expansion in outreach possibilities may lead to new business opportunities for the Group's existing Property Development Business, as well as facilitate access to new groups of prospective clients. The Proposed Diversification may also provide the Group with opportunities to form joint venture partnerships and/or allow prospective clients to co-invest in the Group's Property Development Business.

The Group believes that it would be in a position to contribute significant value to the funds managed by the fund manager due to its established network of contacts and business relationships in the countries where its business operations are located.

### 5.3 **The Proposed Diversification is expected to provide additional and recurrent revenue streams with a view to achieving long-term growth**

The Proposed Diversification is expected to provide additional and recurrent revenue streams for the Group, which may include, *inter alia*, capital gains from investments, and recurring income from management fees and performance fees from acting as fund manager. It is also the intention for the Group to provide property development management services for investments identified by the fund manager pursuant to the exercise of the right of first refusal detailed in Section 4.2(i) of this Circular and in turn, receive fees. As such, the Proposed Diversification is synergistic with the Group's existing business and will help to enhance shareholder value over the long-term and achieving long-term growth.

While the Group will continue to pursue sustainable growth strategies to strengthen and grow its existing Property Development Business, the Group's exploration of other growth areas will facilitate the Group's quest for sustained performance in the future. Given the uncertainties prevailing in the current global economic outlook, the Group believes it is more prudent not to rely solely on its Property Development Business. The inclusion of the Fund Management Business may provide the Group with a more diversified business and stable revenue stream for future growth and reduce the Group's reliance on its existing Property Development Business for its revenue streams.

### 5.4 **The Proposed Diversification will allow the Group to undertake additional property development projects with lesser capital**

The investment acquisitions will be funded by third party investors investing into the funds managed by the fund manager. As the Group may invest in such funds, such as by contributing seed funding or pursuant to the exercise of the right of first refusal detailed in Section 4.2(ii) of this Circular, the Group will enjoy the benefits of investing in a diversified portfolio of assets without having to provide all the capital or loan funding required. This will

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expand the Group's portfolio and track record with lesser capital which can be deployed to other projects undertaken by the Group.

### 6. RISK FACTORS

#### 6.1 Risk factors relating to the Proposed Diversification

The Proposed Diversification will involve a number of risks, some of which are set out below:

*The Group has little experience in the Fund Management Business, and faces integration risk*

Currently, the Group has little experience in the Fund Management Business. The Group intends to devote resources, time and management attention to setting up the Fund Management Business, including but not limited to, applying for the requisite registrations and/or licences, hiring skilled professionals and employees, providing the necessary training, know-how, business support, creating new incentive structures for management and staff, establishing the operating infrastructure and internal controls, brand development, and establishing clientele.

However, there is no guarantee that the Group will be successful in the Fund Management Business, or that the aforesaid measures will result in the seamless integration of Fund Management Business into the Group's existing operations. Delays or interruptions in the integration or unforeseen or unresolved issues may divert the Group's management attention and resources, delay the commencement of or prevent revenue growth pursuant to the Proposed Diversification, which may materially and adversely affect the results of operations or financial position of the Group.

*The Group's success in carrying out the Proposed Diversification depends on the Group's ability to attract highly skilled personnel*

The Fund Management Business requires several high skilled personnel to manage and conduct its affairs. As such, the Group's success in the Fund Management Business will depend on its capability to attract, motivate, train and retain skilled employees and professionals in the relevant fields of expertise necessary for the Fund Management Business. If the Group is unable to attract, motivate and/or retain the necessary highly skilled personnel, there may be a material adverse impact on the Group's business, growth prospects, fee income, results of operations and/or financial condition of the Group.

*The Group may be affected by the actions of its employees and/or the professionals it engages*

Employee misconduct and/or negligence may result in legal liability, regulatory sanctions and unquantifiable damage to the Group's reputation, and may materially and adversely affect the Group's business operations and financial performance. Notwithstanding that the Group intends to put in place internal policies and guidelines to prevent risks and mitigate liabilities relating to employee misconduct or fraud, such precautions may not be effective in any or all cases, and it may not always be possible to detect employee misconduct.

Furthermore, the laws, rules and regulations applicable to the professionals engaged by the Group to manage the Fund Management Business may also impose restrictions and/or

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penalties on the Group in the event such laws, rules or regulations are breached, or alleged to be breached by the professionals, and the Group's competitiveness and financial performance may consequently be materially and adversely affected.

*There can be no guarantee that the funds managed by the Group will perform as envisioned*

The success of the Group's investment approach in respect of the funds it manages depends, in part, on the Group's ability to correctly interpret market data and other information. It also depends on the Group's ability to conduct or obtain relevant investment research analysis and/or accurately predict market conditions and developments. There can be no assurance that the Group's analysis and investment strategies will be successful under all or any market conditions. In the event that the funds do not perform as envisioned, there may be a material adverse effect on the Group's reputation, fee income, financial performance and business operations.

*The Proposed Diversification is dependent on the Group's reputation and any adverse publicity could have an adverse effect on the Group's business and financial performance*

The Proposed Diversification relies to a large extent on market perception on how successful the Group has been in the conduct of its core business as the Group will be operating in an industry where the Group's integrity (and the perception thereof) as well as, the trust and confidence of the clients are of critical importance. Negative publicity (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of clients. Accordingly, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have an adverse effect on the Group's growth prospects, business operations and financial performance.

*The Group's performance following the Proposed Diversification will be subject to exposure to macro-economic risks*

The markets in which the Group will operate the Fund Management Business are affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates or invests:

- (i) legal and regulatory changes;
- (ii) economic and political conditions;
- (iii) the level and volatility of liquidity and risk aversion;
- (iv) concerns about natural disasters, terrorism and war;
- (v) the level and volatility of equity, debt, property, commodity and other financial markets;
- (vi) the level and volatility of interest rates and foreign currency exchange rates;
- (vii) concerns over inflation; and
- (viii) changes in investor confidence levels.



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Any of the above-mentioned factors could adversely impact the performance of the Fund Management Business, which in turn may affect the Group's growth prospects, fee income, results of operations and/or financial position of the Group.

*The Proposed Diversification is subject to competition risks*

The success of the Fund Management Business will depend to a large extent on the Group's ability to establish itself in the fund management markets, and build its clientele on an economically viable scale and in line with the Group's business objectives. The Group will have to compete with other fund management entities, some of which may be larger, better capitalised, offer a wider range of services, have access to greater human resources, and have both a stronger presence as well as a longer operating history in these markets.

There can be no assurance that the Group's plan to penetrate these markets will be commercially successful. Furthermore, the competitive market environment may increase pressure on the Group's fee income margins for the Fund Management Business, consequently compromising the Group's fee income and financial performance.

If the Group fails to compete effectively in this environment, the Group may lose clients and/or investee companies, and the opportunity to gain new clients and/or investee companies. The Group will need to increase its marketing activities to develop market awareness and relationships with potential clients and/or investee companies. Such activities will increase the Group's expenses, and such expenditure without a corresponding increase in revenue may have an adverse impact on the Group's growth prospects and financial performance.

*The Proposed Diversification is subject to litigation risks*

The Fund Management Business will be subject to a complex legal and regulatory environment. Any litigation brought against the Group by the clients of the Fund Management Business could have a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial position of the Group.

### 6.2 **Additional risks associated with the Fund Management Business**

*The Group may not be able to obtain the requisite registration and/or licenses to engage in fund management*

The fund manager intends to apply to MAS for the registration of the fund manager as a registered fund management company. The fund manager also intends to apply for various other requisite licenses, permits, approvals and/or exemptions from the relevant authorities in the jurisdictions in which the Group may operate the Fund Management Business. Any failure to obtain, maintain and/or renew the fund manager's licences, permits, approvals and/or exemptions may impede or hinder operations for the Group's Fund Management Business, and may adversely affect its prospects and business plans.

*The Group will be subject to strict regulation and supervision by MAS for the Fund Management Business*

MAS is empowered to establish standards, codes, rules and regulations to be observed by capital markets services providers, and regulate the conduct of these registrants and licensees in the provision of capital markets services. If a registrant or licensee is found to



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be in breach of any condition of its registration or licence, or any provision of any code, practice, standard of performance, regulation or directive, MAS may issue a written order for compliance, impose a financial penalty, cancel the registration or licence part thereof, suspend the registration or licence or part thereof for a specified period, or reduce the term of the registration or licence.

Upon engaging in the Fund Management Business, the Group will be subject to strict regulation and supervision by MAS. MAS may require the fund manager and/or any other entity in the Group which undertakes fund management activities to hold certain levels of assets or monies, to meet any risk-based capital adequacy requirements imposed by MAS. Further, MAS may impose requirements on the Company itself in its capacity as parent company, and in such event the Company may be required to devote significant time and resources to overseeing a subsidiary's operations, financial position, compliance with laws, management, and other issues, and/or provide financial support for a subsidiary's liquidity requirements or financial obligations.

Further, in the event of any breach or alleged breach of any applicable law, rules, regulation, policy, practice, note or directive, the Group may be subject to various measures imposed by MAS, including but not limited to extended investigations, revocation or suspension of the Group's registrations and/or licences and/or substantial financial penalties. In such events, the Group's growth prospects, business operations and financial performance may be materially and adversely affected.

*Regulatory changes may limit the Group's activities in the Fund Management Business and/or subject the Group to regulatory risk*

Any changes in the applicable regulatory framework may restrict or modify the range of services the Group is able to offer, or the fees the Group is able to charge for its Fund Management Business. The Group may need to incur additional costs and/or modify its operations to ensure that it continues to comply with the changes to the regulatory framework, which may have an adverse effect on the Group's growth prospects, operations and/or financial performances.

*Management fees and/or performance fees derived from the Fund Management Business may decline*

The Fund Management Business derives its revenue, *inter alia*, from management fees and performance fees, which may be partly based on the performance of the funds managed by the Group. A decline in the fund's performance may result in a reduction in fees payable to the Group, which in turn may have a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial position of the Group.

*Fluctuations in market conditions could affect the performance of the funds managed by the Group*

Unstable and/or unfavourable market conditions in the countries in which the investments of the funds are located may affect the value of the investments held by the funds managed by the Group. Lack of liquidity or price volatility may further reduce the value of the funds managed by the Group, which in turn may result in a material adverse effect on the business, growth prospects, fee income, results of operations and/or financial position of the Group's Fund Management Business.

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*The Fund Management Business is subject to risks associated with debt financing*

The funds managed by the fund manager may acquire assets through capital calls as well as loans from banks and financial institutions. In relation to real estate assets, the availability of adequate financing is important for the acquisition of buildings, and to complete property development projects (where applicable) according to schedule. However, there is no assurance that financing options will always be available on terms and conditions acceptable to the Group. In addition, the future financial performance and business operations of the Fund Management Business could be materially and adversely affected by a decrease in the amount of banking facilities available, or due to an increase in interest expenses on bank borrowings, which could be caused by factors outside the Group's control such as global situations or the gradual normalisation of interest rates.

Debt financing may also involve the imposition of debt covenants, which may: (a) increase vulnerability to general adverse industry and economic conditions; (b) require consent for the payment of dividends or limit the ability to pay dividends; (c) limit the Group's ability to pursue growth plans; (d) limit flexibility in reacting to or planning for changes in the business and industry; (e) limit the Group's ability to obtain further third party loans and borrowings; and/or (f) require the Group to dedicate a substantial portion of cash flow from operations to repaying debts, thereby reducing the availability of the Group's cash flow to fund working capital requirements, capital expenditure and other general corporate purposes. There is no assurance that loans granted for the Fund Management Business will not contain such debt covenants.

*The Fund Management Business may compete with the Group for acquisition of land and property*

The funds managed by the fund manager may, *inter alia*, acquire land and/or buildings. On the other hand, the Group may acquire land and/or buildings for its Property Development Business. In the unlikely event that the funds managed by the fund manager and the Group bid for the same piece of land or property, there may be potential conflicts of interest arising from such acquisitions. There can be no assurance that the fund manager will be successful in competing with the Group for such acquisitions.

*The Fund Management Business may compete with LBG for acquisition of property*

The funds managed by the fund manager may *inter alia*, acquire buildings. On the other hand, LBG (excluding our Group), may acquire buildings for investment to derive rental income as part of its investment holding operations. In the unlikely event that the funds managed by the fund manager and LBG bid for the same building, there may be potential conflicts of interest arising from such acquisitions. There can be no assurance that the fund manager will be successful in competing with LBG for such acquisitions.

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### 7. REQUIREMENTS UNDER THE CATALIST RULES

As the Proposed Diversification will involve new business activities, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, an EGM will be convened by the Company to seek the Shareholders' approval to approve the Proposed Diversification.

Upon the approval by Shareholders of the Proposed Diversification, the Fund Management Business, including, *inter alia*,

- (a) the formation of new subsidiaries and/or investments into one or more fund management entities pursuant to joint ventures and/or strategic alliances with third parties (including the entry into and/or execution of the necessary agreements for the aforesaid arrangements) which will undertake the Fund Management Business and provide ancillary services, including Property Management; and
- (b) the subscription and contribution of capital and investment by the Group into funds managed by fund managers (including funds which are not managed by the Group),

will be deemed to be in the Group's ordinary course of business, which will not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules and therefore no further Shareholders' approval will be required. Accordingly, Chapter 10 of the Catalist Rules does not apply to any transaction in the Fund Management Business.

This will allow the Group to, in its ordinary course of business, enter into transactions relating to the Fund Management Business in an efficient and timely manner without the need to convene separate general meetings from time to time to seek for Shareholders' approval as and when potential transactions relating to the Fund Management Business arise, even where they constitute a "major transaction". This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction (as defined in Rule 1002(1) of the Catalist Rules) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds (i) for an acquisition, 75% but less than 100%, or (ii) for a disposal, 50%, and must be made conditional upon approval by shareholders in a general meeting.

For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

- (i) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply to such transactions and such transactions must be, among others, made conditional upon approval by shareholders in general meeting;
- (ii) which result in a change of risk profile in the Company (other than as detailed in this Circular), such as a significant expansion of the Group's business to a new geographical market and/or a new business sector; and

## LETTER TO SHAREHOLDERS

(iii) which constitute an “interested person transaction” as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

The Company will make the relevant announcement(s) and seek the prior approval of the Shareholders at a general meeting before embarking on such projects.

### 8. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

#### Directors’ interests

The shareholdings of the Directors, as extracted from the Register of Directors’ Shareholdings, as at the Latest Practicable Date are as follows:

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Ong Lay Koon <sup>(2)</sup>	–	–	–	–	–	–
Matthew Ong <sup>(2)</sup>	–	–	–	–	–	–
Owi Kek Hean	–	–	–	–	–	–
Foo Der Rong	–	–	–	–	–	–

#### Notes:

(1) Based on 913,000,000 Shares as at the Latest Practicable Date.

(2) Matthew Ong is the nephew of Ong Lay Koon.

#### Substantial Shareholders’ interests

The shareholdings of the Substantial Shareholders, as extracted from the Register of Substantial Shareholders, as at the Latest Practicable Date are as follows:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
Lian Beng Group Ltd	683,354,000	74.85	–	–	683,354,000	74.85
Ong Sek Chong & Sons Pte Ltd <sup>(3)</sup>	–	–	683,354,000	74.85	683,354,000	74.85
Ong Pang Aik <sup>(2), (3), (4)</sup>	–	–	684,704,500	75	684,704,500	75
Ong Lay Huan <sup>(2), (3), (4)</sup>	–	–	683,354,000	74.85	683,354,000	74.85

#### Notes:

(1) Based on 913,000,000 Shares as at the Latest Practicable Date.

(2) Matthew Ong is the son of Ong Pang Aik and nephew of Ong Lay Koon, Ong Lay Huan and Ong Lee Yap.

(3) Ong Sek Chong & Sons Pte Ltd, Ong Pang Aik and Ong Lay Huan are deemed interested in 683,354,000 Shares of the Company held by Lian Beng Group Ltd by virtue of Section 4 of the SFA. The shareholders of Ong Sek Chong & Sons Pte Ltd are Ong Pang Aik (40.0%), Ong Lay Huan (36.0%), Ong Lay Koon (12.0%) and Ong Lee Yap (12.0%).

Ong Pang Aik is also deemed interested in 1,350,500 Shares of the Company held through a nominee account.

(4) Ong Pang Aik, Ong Lay Koon, Ong Lay Huan and Ong Lee Yap are siblings.

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Save for Matthew Ong who may be appointed as director on the board of the fund manager, none of the Directors or Substantial Shareholders of the Company has any interest or is deemed to be interested in the Proposed Diversification (other than through its or their respective shareholdings in the Company).

### 9. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the rationale for the Proposed Diversification, the Directors are of the opinion that the Proposed Diversification is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Diversification.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for and/or the risk factors relating to the Proposed Diversification and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

### 10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 29 of this Circular, will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 26 September 2019 at 11.00 a.m. (or as soon as practicable following the conclusion or adjournment of the Company's annual general meeting to be held on the same day and at the same venue at 10:00 a.m.) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out in the Notice of EGM.

### 11. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a proxy form accompanying this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 72 hours before the time fixed for the EGM. The sending of a proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the EGM.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

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

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### 13. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 29 Harrison Road, #07-00 Lian Beng Building, Singapore 369648, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for FY2019.

Yours faithfully  
For and on behalf of the Board of Directors

Matthew Ong  
Executive Director and Chief Executive Officer

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SLB DEVELOPMENT LTD.

(Company Registration Number: 201729864H)  
(Incorporated in the Republic of Singapore)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of SLB Development Ltd. (the “**Company**”) will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 26 September 2019 at 11.00 a.m. (or as soon as practicable following the conclusion or adjournment of the Company’s annual general meeting to be held on the same day and at the same venue at 10:00 a.m.) for the purpose of considering and, if thought fit, passing with or without modifications, the resolution as set out below as ordinary resolution:

#### **THE PROPOSED DIVERSIFICATION OF THE GROUP’S BUSINESS INTO THE FUND MANAGEMENT BUSINESS, WHICH INCLUDES:**

- 1. THE FORMATION OF NEW SUBSIDIARIES, STRATEGIC ALLIANCES AND/OR INVESTMENT INTO JOINT VENTURES WITH THIRD PARTIES TO UNDERTAKE THE BUSINESS OF FUND MANAGEMENT AS A FUND MANAGER; AND**
- 2. THE INVESTMENT IN FUNDS MANAGED BY FUND MANAGERS.**

That:

- (a) approval be and is hereby given for the Proposed Diversification into the Fund Management Business, which includes:
  - (i) The formation of new subsidiaries, strategic alliances and/or investment into joint ventures with third parties (including the entry into and/or execution of the necessary agreements for the aforesaid arrangements) to undertake the business of fund management as a fund manager;
  - (ii) The subscription and contribution of capital and investment by the Group into funds managed by fund managers (including funds which are not managed by the Group); and
  - (iii) and any other activities that are ancillary or complementary to fund management such as Property Management; and
- (b) the Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation), to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to the Proposed Diversification and the Fund Management Business as they or he may deem fit, with such modifications thereto (if any) as they or he may consider necessary, desirable or expedient, in order to give full effect to this resolution.

By Order of the Board  
**SLB DEVELOPMENT LTD.**

Wee Woon Hong  
Srikanth Rayaprolu  
Company Secretaries

11 September 2019

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Notes:

- (1) A shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company (“EGM”) may appoint not more than two proxies to attend and vote in his/her stead. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.
- (2) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.
- (3) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 29 Harrison Road, #07-00 Lian Beng Building, Singapore 369648 not later than 72 hours before the time appointed for the holding of the EGM.
- (4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.
- (6) Terms which are not defined herein shall have the same meanings ascribed to them in the shareholders’ circular dated 11 September 2019 (“Circular”).

### Personal data privacy:

By attending, speaking, proposing, seconding and/or voting at the EGM and/or by a member of the Company submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and/or vote at the EGM and/or any adjournment thereof, the person/member (i) understands and accepts that photographs, images, audio and/or video recordings and transcripts of the EGM may be taken and/or made by the Company (and/or its agents and service providers), (ii) consents to the collection, use and disclosure of the person’s/member’s and its proxy(ies)’s or representative(s)’s personal data by the Company (and/or its agents and service providers) for legal, regulatory, compliance, corporate policies, procedures and administration, corporate actions, corporate communications and investor relations purposes and for the purposes of the processing, administration and record keeping by the Company (and/or its agents and service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation, compilation, recording, keeping of the attendance lists, transcripts, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (and/or its agents and service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines and for publication and/or use in the Company’s Annual Report, corporate brochures, newsletters, publications, materials and/or corporate website by the Company (and/or its agents and service providers) (collectively, the “Purposes”), (iii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (and/or its agents and service providers), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and/or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.



## PROXY FORM

### SLB DEVELOPMENT LTD.

(Company Registration Number: 201729864H)  
(Incorporated in the Republic of Singapore)

**Important:**

This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

### EXTRAORDINARY GENERAL MEETING

I/We\* \_\_\_\_\_ (Name) NRIC/Passport number\* \_\_\_\_\_  
of \_\_\_\_\_ (Address)  
being a shareholder/shareholders\* of SLB Development Ltd. (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or\*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**Meeting**") of the Company to be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 26 September 2019 at 11.00 a.m. (or as soon as practicable following the conclusion or adjournment of the Company's annual general meeting to be held on the same day and at the same venue at 10:00 a.m.) and at any adjournment thereof. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the EGM shall be decided by way of poll.

Ordinary Resolution	For**	Against**
The Proposed Diversification into the Fund Management Business		

\* Delete accordingly

\*\* Please indicate your vote "For" or "Against" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

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## PROXY FORM

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**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A shareholder of the Company entitled to attend and vote at the EGM of the Company may appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
3. Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 29 Harrison Road, #07-00 Lian Beng Building, Singapore 369648 not later than 72 hours before the time appointed for the EGM.
5. Where a member appoints more than one proxy, he shall specify the number of shares to be represented by each proxy, failing which, the appointment shall be deemed to be in the alternative.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
10. Terms not defined herein shall have the meanings ascribed to them in the circular to the Shareholders dated 11 September 2019.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representatives, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 11 September 2019.

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