LIAN BENG GROUP LTD
Registration No. 199802527Z

(A) INCORPORATION OF SUBSIDIARIES

(B) PROPOSED ACQUISITION OF PROPERTIES BY SUBSIDIARIES

(A) INCORPORATION OF SUBSIDIARIES

The Board of Directors of Lian Beng Group Ltd ("the Company", and together with its subsidiaries, the "Group") is pleased to announce that it has incorporated the following four subsidiaries in Singapore:

1) Ang Mo Kio (LB) Pte. Ltd.;
2) Bukit Merah (LB) Pte. Ltd.;
3) Clementi (LB) Pte. Ltd.; and
4) Toa Payoh (LB) Pte. Ltd..

(collectively, "Subsidiaries").

Each of the above Subsidiaries has an initial issued and paid up capital of S$10 divided into 10 ordinary shares and will be principally engaged in business of investment holding.

The incorporation of the Subsidiaries was funded internally and is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the current financial year ending 31 May 2017.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Subsidiaries, save through their shareholdings (if any) in the Company.

(B) PROPOSED ACQUISITION OF PROPERTIES BY SUBSIDIARIES

1. Introduction

The Board of Directors of Lian Beng Group Ltd (the "Company", and together with its subsidiaries, the "Group") wishes to announce that Heartland Retail Holdings Pte. Ltd. ("Vendor") has on 21 July 2016 granted four options to purchase ("Options") to the Subsidiaries (defined above) (each a "Purchaser", collectively "Purchasers"), for the proposed acquisition of Properties (defined below) from the Vendor ("Proposed Acquisition").

The Purchasers have up to 11 August 2016 to exercise the Options.

2. Information on the Properties

The four properties located at various place in Singapore, which are as follows:-

	Property Address	Strata Area (Sf)	Consideration (S$ in millions)
1	Blk 712 Ang Mo Kio Avenue 6, #01-4056, Singapore 560712	23,983	39
2	Blk 166 Bukit Merah Central, #01-3527, Singapore 150166	30,139	34
3	Blk 451, Clementi Avenue 3 #01-309, Singapore 120451	26,727	41

4	Blk 192, Lor 4 Toa Payoh, #01-674 and #02-674, Singapore 310192	23,960	37
	Total		151

(collectively, "Properties").

3. Purchase Consideration

The aggregate purchase consideration for the purchase of Properties is S$151 million (excluding goods and service tax (if any) applicable) ("Purchase Consideration"). The Purchase Consideration payable by the Purchaser to the Vendor was arrived based on arm's length negotiations between the parties on a willing buyer-willing seller basis after taking into consideration the prevailing market conditions and the current market prices of properties in the surrounding vicinity of the Properties.

The Purchase Consideration will be satisfied in cash by the Purchasers in the following manner:

(a) an option fee of S$1.51 million (being 1% of the Purchase Consideration) will be paid by the Purchasers to the Vendor on the grant of the Options;

(b) a balance deposit of S$13.59 million (being 9% of the Purchase Consideration) will be paid to the Vendor's solicitors on the exercise of the Options; and

(c) the balance of the Purchase Consideration of S$135.9 million (being 90% of the Purchase Consideration) will be paid upon completion of the Proposed Acquisition.

The completion ("Completion") of the Proposed Acquisition is scheduled on (i) the date falling 8 weeks from and after the date of exercise of the Options or (ii) the date falling 4 weeks from and after the HDB approval is obtained, whichever is later ("Completion Date").

4. Rationale

4.1 The Proposed Acquisition is in line with one of the Group's core business activities in property development and investments. The Group views the Proposed Acquisition as a good opportunity to participate in a strategic investment of the Properties, where the Group can derive rental returns which will be added to the earnings of the Group.

4.2 As the Proposed Acquisition is in line with the Group's ordinary course of business and is of a revenue nature, Chapter 10 of the Singapore Exchange Securities Trading Limited's listing manual, in particular, seeking Shareholders' approval under Rule 1014 where the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, does not apply to the Proposed Acquisition.

5. Material Conditions

a) The Completion is subject to the approval of Housing and Development Board, Singapore ("HDB") being obtained for the sale of all Properties in accordance with the terms of the respective Options.

b) If the HDB approval is not obtained by 4 weeks from the date of exercise of the Options, the parties shall each be entitled to terminate the Proposed Acquisition by giving written notice to other party.

c) The sale and purchase of the Properties shall take place concurrently.

d) The Proposed Acquisition is subject to "The Law Society of Singapore's Conditions of Sale 2012".

6. Source of Funds

The Purchase Consideration will be funded through bank borrowings and/or internal resources.

7. Interest of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company. The Vendor is not related to any of the Directors or Controlling Shareholders of the Company.

BY ORDER OF THE BOARD

Ong Pang Aik
Chairman and Managing Director
22 July 2016