SOON LIAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200416295G)

PROPOSED SALE OF PROPERTY

- **WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE CATALIST RULES**

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1. Introduction

1.1 The board of directors (the "**Board**" or "**Directors**") of Soon Lian Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 13 July 2017 (the "**Announcement**") in relation to the proposed sale of the Group's existing premises at 9 Tuas Avenue 2, Singapore 639449 (the "**Property**").

1.2 Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meaning ascribed to them in the Announcement.

2. Waiver granted by the SGX-ST

2.1 As set out in section 3 of the Announcement, the Company intended to apply, and had subsequently, through its sponsor, applied, to the SGX-ST (the "**Waiver Application**") for a waiver from complying with the requirements under Rule 1014(2) of the Catalist Rules to hold an extraordinary general meeting ("**EGM**") to seek Shareholders' approval for the Proposed Sale (the "**Waiver**").

2.2 On 14 August 2017, the Company received approval from the SGX-ST that it has no objection to granting the Waiver as set out in the Waiver Application (the "**Approval**"), having taken into account that the Proposed Sale (i) concerned a non-revenue generating and non-core Property; (ii) will not change the nature of the Company's trading business; and (iii) will not change the risk profile of the Company.

2.3 The Approval is subject to:-

(a) the Company making an immediate announcement on the Waiver granted, including the reasons for seeking the Waiver and the conditions as required under Rule 106 of the Catalist Rules; and

(b) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

3. Bases for the Waiver Application

The bases for the Waiver Application, which form the reasons for seeking the Waiver, are as follows:-

(a) The Property is a non-core asset

The Property has a total area of 8,323 square metres and the Group is currently only occupying an area of 5,833 square metres ("**Occupied Area**") (approximately 70.1% of the total area) for use as office, workshop and warehouse. The remaining area of the Property has been leased to third party tenants. Pursuant to the Option Agreement, upon completion of the Proposed Sale, the Vendor will lease back from the Purchaser the Occupied Area at a monthly rental of S$85,000 for a term of six months (the "**Rental Period**"). The Group intends to relocate to another premise, prior to the end of the Rental Period.

In view of the above, the Proposed Sale is not expected to materially affect the existing operations and business of the Group, as well as affect the nature of the Group's core business.

(b) Gain on disposal

Based on the audited consolidated financial statements of the Group for FY2016, the book value of the Property amounted to approximately S$21,074,000 as at 31 December 2016. The excess of the Sale Price over the book value of the Property will amount to approximately S$1,926,000. After deducting estimated expenses in connection with the Proposed Sale of approximately S$475,000, there will be a net gain on the Proposed Sale of approximately S$1,451,000 ("**Net Gain on Disposal**").

The Company intends to utilise the Net Proceeds (after deducting estimated expenses in connection with the Proposed Sale of approximately S$475,000) of approximately S$22,525,000 to repay bank borrowings of approximately S$13,000,000 and the balance for general working capital requirements of the Group. This would strengthen the Group's financial and liquidity positions as there would be a positive impact on the working capital and gearing of the Group.

(c) No material change in the Company's risk profile

The Board is of the view that the Proposed Sale would not materially change the risk profile of the Group based on the following reasons:-

(i) No significant effect on the existing operations and business of the Group

The Proposed Sale of the Property, a non-core asset, is not expected to have a significant effect on the existing operations and business of the Group. As set out above, the Group will lease back from the Purchaser the Occupied Area for the Rental Period. Prior to the end of the Rental Period, the Group will relocate all its operations (i.e. office, workshop and warehouse) to another premise, which the Group is currently looking out for. As the Group is in trading business, the Proposed Sale is not expected to materially affect the existing operations and business of the Group.

(ii) *No significant adverse impact on the Group's earnings, working capital and gearing*

(a) As a result of the Net Gain on Disposal, the Group's loss per share is expected to improve. Please refer to section 4.3 of the Announcement for more information.

(b) The Net Proceeds are intended to repay bank borrowings of the Group of approximately S$13,000,000 and the balance for general working capital requirements of the Group. This would result in a positive impact on the Group's working capital and gearing as the Group's financial and gearing positions would be strengthened as a result of the Proposed Sale.

(d) Sale Price based on the Valuation Report

The Sale Price is supported by the Valuation Report, which was commissioned by the Vendor. According to the Valuation Report, the market value of the Property as at 12 July 2017, based on a direct comparison approach adopted by the valuer, was S$23,000,000.

Based on the above, it is reasonable to expect Shareholders not to be overly concerned with the Proposed Sale which would not change the nature of the Group's core activities or risk profile.

4. No EGM

With the Approval granted by the SGX-ST, the Company will not be convening an EGM to seek Shareholders' approval for the Proposed Sale and accordingly, the Company will not be despatching a circular to Shareholders in relation thereto.

5. Further Announcements

The Company will update Shareholders as and when necessary when there are material developments in relation to the Proposed Sale.

By Order of the Board

Tan Yee Chin
Chairman and CEO
14 August 2017

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

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

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.