LIAN BENG GROUP LTD
Registration No. 199802527Z

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF STATE RICH INTERNATIONAL LIMITED

1. INTRODUCTION

The Board of Directors of Lian Beng Group Ltd ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, LB Gold Land Pte. Ltd. ("**Purchaser**"), had entered into a sale and purchase agreement ("**SPA**") with Mr Yong Khong Yoong Mark ("**Vendor**") to acquire 1 ordinary share ("**Sale Share**") representing the entire issued and paid-up share capital of State Rich International Limited ("**State Rich**") from the Vendor for an aggregate purchase consideration of S$51,500,000 ("**Purchase Consideration"**) ("**Proposed Acquisition**"). State Rich is in turn the owner of the Property as described in paragraph 2 below.

2. INFORMATION ON STATE RICH

2.1 State Rich is a company incorporated in the British Virgin Islands on 20 February 2007, with an issued and paid-up share capital of US$1 comprising of 1 ordinary share as at the date of this announcement. Its principal business activity is investment holdings, and its main asset is the Property (as described below). The Vendor is the sole shareholder of State Rich, and its directors are the Vendor, Carlos Luis Salas Porras and Emily Hwang Mei Chen.

2.2 State Rich owns a leasehold property located at 4190 Ang Mo Kio Avenue 6, Broadway Plaza, Singapore 569841 (the "**Property**"), with a balance duration of approximately 61 years as on the date of the SPA. The Property is a 5-storey building with a land area of 18,450 square feet.

3. PURCHASE CONSIDERATION

3.1 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 valuation of the Property based on the valuation report of Knight Frank Pte Ltd dated 12 November 2015 ("**Valuation Report**").

3.2 Based on the Valuation Report, the open market value of the Property was approximately S$52,000,000 as at 12 November 2015. Based on the unaudited accounts of State Rich for the six-months financial period ended 31 December 2015, the net tangible asset value of the Sale Share was approximately S$5.5 million as at 31 December 2015.

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

(a) The sum of S$515,000, equivalent to 1% of the Purchase Consideration, paid to the Vendor on the signing of the SPA;

(b) The sum of S$4,635,000, equivalent to 9% of the Purchase Consideration, will be paid as further part payment of the Purchase Consideration on 11 March 2016 unless

the Purchaser is not satisfied with the results of the due diligence investigations, to be held by the Vendor's solicitors pending Completion; and

(c) The balance Purchase Consideration is payable on Completion, subject to the post-completion adjustments disclosed in paragraph 6 below.

3.4 The completion of the Proposed Acquisition is scheduled on 30 April 2016 or the day falling one week after the fulfilment or waiver of the conditions precedent provided in the SPA, whichever is the later ("**Completion Date**"). After the completion of the Proposed Acquisition ("**Completion**"), State Rich will become a wholly-owned subsidiary of the Company.

4. RATIONALE FOR THE PROPOSED ACQUISITION

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 a shopping mall located at Ang Mo Kio Avenue 6, 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. CONDITIONS PRECEDENT

The completion of the Proposed Acquisition is conditional upon the fulfilment or waiver of certain conditions precedent, *inter alia*:-

(a) the Purchaser being satisfied with the results of the due diligence investigations (whether legal, financial, contractual, tax or otherwise) carried out by the Purchaser in respect of State Rich, including but not limited to the affairs, business, Property, assets, liabilities, operations, records, financial position, financial performance, tax liabilities, accounts, results and prospects of State Rich; and

(b) satisfactory replies to the requisitions sent by the Purchaser's solicitors to the various government departments, including the Land Transport Authority and the Road Line Plan and Drainage Interpretation Plan with regard to the Property.

6. OTHER MATERIAL TERMS

The Proposed Acquisition shall be on the following terms:

(a) The Company shall have good title to the Property and the Property shall be free from all Encumbrances on Completion; and

(b) The Company shall not have any loans or amounts owing to banks or other person, and it shall be free from all debts and liabilities owing, due or accrued as at Completion whether pertaining to the Property or otherwise.

Accordingly, the Parties have agreed to a post-completion adjustment to the Purchase Consideration to achieve the above purpose.

7. SOURCE OF FUNDS FOR PROPOSED ACQUISITION

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

8. INTERESTS 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
25 February 2016