



**SLB Development Ltd.**

(Incorporated in the Republic of Singapore under Registration No. 201729864H)

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**PROPOSED ACQUISITION OF ALL THE STRATA UNITS AND THE COMMON PROPERTY IN THE DEVELOPMENT KNOWN AS "THYE HONG CENTRE" AT 2 LENG KEE ROAD, SINGAPORE 159086 COMPRISED IN LAND LOT 1983X OF MK 1 (THE "DEVELOPMENT") IN THE ORDINARY COURSE OF BUSINESS**

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**1. INTRODUCTION**

The Board of Directors of SLB Development Limited (the "**Company**" and together with its subsidiaries the "**Group**") wishes to inform shareholders that the Company had, on 25 August 2020, made an Expression of Interest ("**EOI**") to Thye Hong Manufacturing Pte. Ltd. ("**Vendor**") to purchase the Development from the Vendor and the terms of the EOI were accepted by the Vendor on the same day. The Company had, through its wholly-owned subsidiary, Wealth Space Pte. Ltd., entered into a sale and purchase agreement ("**SPA**") today with the Vendor for the sale and purchase of the Development ("**Proposed Acquisition**").

**2. INFORMATION ON THE DEVELOPMENT**

The Development is a freehold 6-storey industrial building at Lot 1983X MK-1, with a land area of approximately 5,952 square metres.

The Development is held on trust by the Vendor for Thye Hong Properties Pte. Ltd. ("**Beneficiary**") pursuant to an agreement dated 31 October 1981 made between them.

**3. INFORMATION ON THE VENDOR AND BENEFICIARY**

- 3.1. The Vendor is an investment holding company incorporated in Singapore on 27 March 1972, which is engaged in the business of real estate developers. The Vendor has a total issued and paid-up capital of S\$3,000,000 comprising 3,000,000 ordinary shares.<sup>1</sup> The sole shareholder of the Vendor is Thye Khong Company Sendirian Berhad, which is a private company incorporated in 3 March 1960.
- 3.2. The Beneficiary is a wholly-owned subsidiary of the Vendor which is engaged in the business of real estate developers.
- 3.3. The shareholders of the Vendor are unrelated to the Company's directors, substantial shareholders and their associates.

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<sup>1</sup> Based on the Business Profile extracted from the Accounting and Corporate Regulatory Authority of Singapore on 28 August 2020.

#### **4. SALIENT TERMS OF THE PROPOSED ACQUISITION**

##### **4.1. Terms of the SPA**

The SPA contains customary provisions relating to the Proposed Acquisition, including certain representations, warranties and other market standard clauses.

##### **4.2. Purchase Price**

The total purchase price for the Proposed Acquisition is S\$112,500,000 (exclusive of GST) ("**Purchase Price**"), which is payable by the Company in cash is as follows:

- (a) S\$600,000 as the earnest deposit was to be paid on 25 August 2020;
- (b) S\$5,025,000 (equivalent to 5% of the Purchase Price and less the payment of S\$600,000) to be paid to the Vendor's solicitors who shall hold the same as stakeholders pending completion of the Proposed Acquisition; and
- (c) S\$106,875,000 (representing 95% of the Purchase Price) to be paid on completion of the Proposed Acquisition.

The Purchase Price was arrived at a willing buyer, willing seller, after taking into account the market value of the Development and the Group's assessment of the redevelopment potential of the Development. Further, the Group had also obtained an indicative value from an independent valuer which supports the value of the Purchase Price. The Group intends to engage the independent valuer to formalise the valuation in respect of the Development.

##### **4.3. Completion Date**

The Proposed Acquisition is expected to be completed on the Completion Date, being the date falling three (3) months after the date of the SPA, pursuant to the terms of the SPA.

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

The Board believes that the Proposed Acquisition is in the interests of the Group and will enhance shareholders' value in the long term. The acquisition of the Development is pursuant to the ordinary course of business of the Group and the Proposed Acquisition is in line with the Group's long-term growth strategy to expand its business through the purchase and development of quality properties. With this, the Group will be able to reap the benefits of the rising property market and maximise shareholders' value.

It is the intention of the Group to redevelop the land on which the Development is situated, which is in line with the business of the Group as a property developer. The Group does not intend to keep the Development for long-term rental income.

#### **6. FUNDING OF THE PROPOSED ACQUISITION**

The Purchase Price will be funded using long-term bank borrowings and internal funds.

## 7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1. For illustrative purposes only, the financial effects of the Proposed Acquisition on the Group as set out below are prepared based on the audited consolidated financial statements of the Group for the most recently completed financial year ended 31 May 2020 ("**FY2020**") in accordance with Rule 1018(8) and 1010(9) of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and are subject to the following key assumptions:

- (a) the effect of the Proposed Acquisition on the Group's net tangible assets ("**NTA**") per share in the capital of the Company ("**Share**") is based on the assumption that the Proposed Acquisition had been effected at the end of FY2020; and
- (b) the effect of the Proposed Acquisition on the Group's earnings per Share ("**EPS**") for FY2020 is based on the assumption that the Proposed Acquisition had been effected at the beginning of FY2020.

### NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA of the Group (\$'000)	158,218	158,218
Number of Shares ('000)	913,000	913,000
NTA per share (Singapore cents)	17.33	17.33

### EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to shareholders of the Company (S\$'000)	10,819	10,819 <sup>(1)</sup>
Weighted average number of Shares ('000)	913,000	913,000
Earnings per share (Singapore cents)	1.18	1.18

Note: (1) The Group does not intend to keep the Development for long-term rental income and will redevelop the land on which the Development is situated on. Hence, the Group does not expect any significant contributions from the Proposed Acquisition until the redevelopment has commenced and the launch of sales of the redeveloped units.

## 8. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

- 8.1. The relative figures computed on the bases set out under Rule 1006 of the Catalist Rules in respect of the Proposed Acquisition, based on the unaudited financial results as at 31 May 2020, are as follows:

Rule	Basis	Relative Bases (%) <sup>(1)</sup>
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable <sup>(2)</sup>
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not meaningful <sup>(3)</sup>
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	107.15 <sup>(4)</sup>
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(5)</sup>
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not applicable <sup>(6)</sup>

### Notes:

- (1) Any discrepancies between the figures in the table are due to rounding.
- (2) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (3) The net profits attributable to the assets to be acquired are not available to the Group as at the date of this letter. In any event, the Group does not intend to keep the Development for long-term rental income and accordingly, the Group does not expect any significant contributions from the Proposed Acquisition until the redevelopment has commenced and the launch of sales of the redeveloped units.
- (4) The purchase price for the Proposed Acquisition is S\$112,500,000. The Group's market capitalisation of S\$104,995,000 which is based on 913,000,000 ordinary shares in the issued and paid-up capital of the Company and weighted average price of S\$0.115 per share on 16 September 2020, being the last traded market day prior to the date of the SPA.
- (5) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities in the Company are proposed to be issued as consideration for the Proposed Acquisition.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil or gas company.

- 8.2. As the relative figure as computed on the basis set out in Rule 1006(c) of the Catalist Rules for the Proposed Acquisition exceeds 100%, the Proposed Acquisition will constitute a "Very Substantial Acquisition" under Chapter 10 of the Catalist Rules.
- 8.3. The Company had, on 3 September 2020, made an application to SGX-ST to seek a waiver of Rules 1014(2) and 1015 of the Catalist Rules in respect of the Proposed Acquisition ("**Waiver Application**"). In view of the urgency to complete the Proposed Acquisition as elaborated upon in paragraph 9.1(a) below, the Company will not be including, as a condition precedent in the SPA that the Proposed Acquisition will be subject to shareholders' approval. Notwithstanding, it is still the Company's intention to seek shareholders' approval in respect of the Proposed Acquisition and to comply with the spirit of Rule 1014(2) of the Catalist Rules by seeking the approval of shareholders by way of ratification subsequent to the completion of the Proposed Acquisition. In this regard, the Company had, on 11 September 2020, received a letter from SGX-ST in respect of the Waiver Application. For further information in relation to the Waiver Application and the letter from SGX-ST, please refer to paragraphs 9 and 10 below.

## 9. THE WAIVER APPLICATION

- 9.1. The reasons in support of the Waiver Application are set out below.

(a) The time-sensitive nature of the Proposed Acquisition

The exclusivity period for the Company to enter into the SPA expires on 29 September 2020, and there is no certainty that the Development will still be made available to the Company or at revised terms that may not be as favourable as the EOI upon the expiry of the exclusivity period. As the Board is of the view that the Development has long-term investment value with redevelopment potential and the Proposed Acquisition is in the ordinary course of business of the Company, the Board is of the view that it will be to the benefit of the shareholders to proceed with the Proposed Acquisition expeditiously.

(b) Irrevocable undertaking by the Company's controlling shareholder

On 3 September 2020, the Company had procured an irrevocable undertaking from the controlling shareholder, Lian Beng Group Ltd (which directly owns approximately 77.56% of the issued and paid-up capital in the Company), in favour of the Company (i) to vote in favour of all the resolutions at the Extraordinary General Meeting ("**EGM**") relating to approval of the Proposed Acquisition; and (ii) not to decrease its current shareholdings in the Company until after the EGM has been held.

(c) The Proposed Acquisition is in the ordinary course of business of the Group and there is no substantial change in the risk profile of the Group

As the Group is undertaking the Proposed Acquisition with the aim of redeveloping the land on which the Development is situated, the Proposed Acquisition will be in line with the Group's ordinary course of business as a property developer. As such, the Proposed Acquisition is not expected to change the nature of the Group's core business, and accordingly, does not entail the acquisition of a new business segment.

(d) There is no change in control in the Company

There will be no change in the management or Directors of the Company as a result of the Proposed Acquisition, and no new shares will be issued by the Company to satisfy the Purchase Price.

(e) There is no significant adverse impact on the Group's earnings, working capital and gearing

Notwithstanding that the net gearing of the Group may increase in the short term as the Proposed Acquisition will be partially funded by borrowings, the Board believes that the Proposed Acquisition will not have a significant adverse impact on the Group's earnings and working capital after completion of the redevelopment.

(f) The aggregate relative figures for Rules 1006(b) and (c) of the Catalist Rules are not representative measures of the materiality of the Proposed Acquisition

The Group does not expect any significant contributions to be attributable to the Development as it intends to redevelop the land on which the Development is situated. Further, the Group's ordinary course of business entails multiple acquisitions of immovable property which can be of a significant scale compared to the Group's market capitalisation. As such, the thresholds pursuant to Rules 1006(b) and 1006(c) of the Catalist Rules are not representative measures of the materiality of the Proposed Acquisition.

(g) Certain rules of the Catalist Rules are not applicable in relation to the Proposed Acquisition

Although the Proposed Acquisition will constitute a "Very Substantial Acquisition" under Chapter 10 of the Catalist Rules, the following requirements under Rule 1015 of the Catalist Rules are not applicable in the context of the Proposed Acquisition:

- (i) Rule 1015(1)(a)(ii);
- (ii) Rule 1015(2);
- (iii) Rule 1015(3);
- (iv) Rule 1015(4)(a);
- (v) Rule 1015(4)(b);
- (vi) Rule 1015(5); and
- (vii) Rule 1015(6).

## **10. NO OBJECTION FROM THE SGX-ST**

- 10.1. The Company had, on 11 September 2020, received a letter from the SGX-ST in respect of the Waiver Application and SGX-ST had indicated that it has no objection to the Waiver Application ("**Waiver**") subject to the following:
- (a) the Company announcing the grant of the Waiver, the reasons for seeking the Waiver, the conditions as required under Rule 106 of the Catalist Rules and if the Waiver conditions had been satisfied;
  - (b) compliance with Rule 1014 of the Catalist Rules (with the exception of Rule 1014(2)) in respect of the Proposed Acquisition;
  - (c) the Company obtaining shareholders' approval of the Proposed Acquisition by way of ratification at an EGM to be convened within three (3) months from the completion of the Proposed Acquisition; and
  - (d) the Company disclosing in the shareholders' circular to be released in connection with the EGM the reason(s) the Proposed Acquisition is in the best interests of the Company.

The Waiver will not be valid if any of the abovementioned conditions have not been fulfilled, and the Company is required to make an immediate disclosure via SGXNET if it is/will be in contravention of any laws and regulations governing the Company and the constitution of the Company (or the equivalent in the Company's country of incorporation) arising from the Waiver.

As at the date of this Announcement, the Waiver condition at paragraph 10.1(a) has been fulfilled. The Company will provide an update announcement in respect of the other Waiver conditions as and when they are fulfilled.

## **11. EXTRAORDINARY GENERAL MEETING**

The Company will be convening the EGM in due course for the purpose of seeking shareholders' approval for the Proposed Acquisition by way of ratification and accordingly, the Company will in due course despatch the Circular containing information relating to the Proposed Acquisition.

## **12. RESPONSIBILITY STATEMENT**

The directors (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (save for information relating to the Vendor) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Shareholders should note that information relating to the Vendor and Development were, unless otherwise stated, provided by the Vendor. The Company and the directors have not independently verified the accuracy and correctness of such information herein. Where information in the Announcement 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 the Announcement in its proper form and context.

### **13. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER**

None of the Directors or controlling shareholder(s), or their respective associates, has any interest, direct or indirect, in the Proposed Acquisition (other than through their shareholding interests in the Company, if any).

### **14. SERVICE CONTRACTS**

There are no persons who are proposed to be appointed as Director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

### **15. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company at 29 Harrison Road, #07-00, Lian Beng Building, Singapore 369648 for three (3) months from the date of this Announcement.

### **BY ORDER OF THE BOARD**

Matthew Ong  
Executive Director and Chief Executive Officer

17 September 2020

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*This Announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").*

*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 Tay Sim Yee at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 (Telephone: +65 6232 3210).*