LIAN BENG GROUP LTD
Registration No. 199802527Z

PROPOSED JOINT VENTURE INVESTMENT IN CAMBODIA

1. Joint Venture Agreement

1.1 Further to the Company's announcement dated 25 February 2014, the Board of Directors (the "**Directors**") of Lian Beng Group Ltd (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company's 32.65%-owned associated company, Imperial South East Asia Investment Pte. Ltd. ("**ISEA**") has today entered into a joint venture agreement ("**JVA**") for the purposes of an investment in the Kingdom of Cambodia ("**Cambodia**").

1.2 The JVA was signed with Lok Oknha Sear Rithy ("**Sear Rithy**"), a Cambodian national who is not related to the Group. Under the JVA, both parties will establish a company in the Cambodia under the name of New Global Imperial Investment Co., Ltd. ("**New Global**"), which will be the entity by which ISEA and Sear Rithy will undertake the joint venture in Cambodia.

1.3 The principal activity of New Global will be real estate development and investment holding in Cambodia.

1.4 ISEA and Sear Rithy have submitted an application to the Ministry of Commerce in Cambodia for the establishment of New Global. It is intended that New Global will, on incorporation, have a registered capital of 20,000,000 KHR (approximately US$5,000), held as to 49% by ISEA and 51% by Sear Rithy.

2. Purchase of Land in Phnom Penh, Cambodia

2.1 Sear Rithy had, for the purposes of the joint venture investment, entered into a sale and purchase agreement with Norng Savuth on 27 January 2014 (the "**SPA**") to acquire a plot of land located at Village 2, Sangkat Chaktomuk, Khan Daun Penh, Phnom Penh of the Kingdom of Cambodia, having a size of 15,882 square metres (the "**Property**"). Currently, the land houses a hotel which is operated under the name of "Imperial Garden Villa & Hotel".

2.2 The SPA was signed by Sear Rithy, functioning as the pre-incorporation representative of New Global, pursuant to the provisions of Article 139 of the Cambodian Law of Commercial Enterprises (2005), as New Global is in a pre-incorporation status. The SPA was supplemented by the supplementary agreement dated 10 March 2014 ("**Supplementary Agreement**") and modified by the modification agreement dated 19 March 2014.

2.3 The purchase price for the Property is US$64,000,000 (the "**Purchase Price**"), which is payable in three tranches as follows:

(a) US$19,200,000, being 30% of the Purchase Price, was paid upon the signing of the SPA ("**First Tranche Payment**");

(b) US$25,600,000, being 40% of the Purchase Price, payable on 27 March 2014, upon receipt of which the Seller is obliged to procure the transfer of the Property to New Global ("**Second Tranche Payment**"); and

(c) US$19,200,000, being the remaining 30% of the Purchase Price, subject to the transfer of the Property to New Global, is payable on 27 June 2014.

2.4 The Purchase Price shall be funded through shareholders' funding from ISEA and Sear Rithy in a 49% - 51% proportion, being their respective proportionate shareholdings in New Global; with ISEA providing funding of US$31,360,000 ("**ISEA Acquisition Funding**") and Sear Rithy providing funding of US$32,640,000.

2.5 In satisfaction of its 49% contribution to the First Tranche Payment and the Second Tranche Payment:

(a) ISEA has paid US$9,408,000 to Sear Rithy (functioning as the pre-incorporation representative of New Global), as ISEA's proportionate payment of the First Tranche Payment; and

(b) contemporaneously with the signing of the JVA, ISEA paid US$12,544,000 to Sear Rithy (functioning as the pre-incorporation representative of New Global), being ISEA's proportionate payment of the Second Tranche Payment,

(collectively, the "**ISEA Payments**").

2.6 Under the terms of the Supplementary Agreement, the Seller has undertaken to return all monies paid to the Seller paid towards the Purchase Price in the event that the Seller fails to fulfil its obligations under the SPA. Sear Rithy will also procure a third party guarantee to ISEA to secure the repayment of the ISEA Payments if completion of the SPA does not occur.

2.7 The Purchase price was arrived at on a willing buyer-willing seller basis after taking into account current market prices of properties in the surrounding area of the Property.

2.8 New Global intends to redevelop the Property, subject to obtaining all the necessary approvals from the relevant authorities. The redevelopment plans are at a very preliminary discussion stage and further details will be provided in due course.

3. Funding for the Joint Venture

3.1 The contribution by ISEA of its proportionate share of the Purchase Price for the Property was provided by its shareholders, namely KSH Asia Investment Pte. Ltd. ("**KSH Asia**"), Wealth Land Pte. Ltd. ("**Wealth**"), a wholly-owned subsidiary of the Company, and Heeton Invesco Pte. Ltd. ("**Heeton**", together with KSH Asia and Wealth, the "**ISEA Shareholders**") via exchangeable bonds issued by ISEA ("**Bonds**").

3.2 Under the exchangeable bond agreement executed by ISEA, Sear Rithy (as covenantor) and the ISEA Shareholders (as subscribers) ("**Exchangeable Bond Agreement**"), the ISEA Shareholders agreed to provide the ISEA Acquisition Funding to ISEA in their respective shareholding proportion in ISEA. ISEA has issued to the ISEA Shareholders, Bonds in principal amount representing the aggregate of the ISEA Payments, corresponding to ISEA's proportionate 49% contribution to the Purchase Price.

3.3 The Bonds will, at the option of a ISEA Shareholder (as subscriber), be exchangeable for new bonds to be issued by New Global to ISEA ("**Underlying Bonds**") on a dollar for dollar basis, at any time on or after the date of incorporation of New Global up to their maturity date.

3.4 The Bonds and the Underlying Bonds do not bear interest.

3.5 The Group's subscription for the Bonds is funded by internal resources.

4. Financial Effects of the Proposed Transaction

4.1 The joint venture investment is a transaction in the ordinary course of the Group's business.

4.2 The relative figure of the proposed transaction computed on the basis set out in Rule 1006(c) of the Listing Manual is 4.31% computed by dividing the Group's portion of the Purchase Price (which amounts to approximately US$10,239,040 or S$13,025,082) by its market capitalisation of S$301,963,200 (determined by multiplying its total issued share capital of 529,760,000 shares by the closing price of S$0.570 per share on 25 March 2014).

4.3 No new shares of the Company will be issued in consideration for the acquisition of the Property or in connection with the proposed joint venture.

4.4 The proposed transaction is not expected to have a material impact on the earnings per share or net tangible assets per share of the Company for the current financial year ending 31 May 2014.

5. 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 transaction, save through his shareholding in the Company (if any).

BY ORDER OF THE BOARD

ONG PANG AIK
Chairman and Managing Director
26 March 2014