LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198700318G)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF LEY CHOON DEVELOPMENT PTE. LTD.

1. INTRODUCTION

1.1. Sale and Purchase Agreement

The Board of Directors of Ley Choon Group Holdings Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Ley Choon Constructions and Engineering Pte. Ltd. ("**LCCE**"), a wholly-owned subsidiary of the Company, has on 23 September 2016 (after trading hours), entered into a sale and purchase agreement (the "**SPA**") with TEE Land Limited (the "**Purchaser**"), pursuant to which LCCE has agreed to sell and the Purchaser has agreed to purchase the whole of the issued and paid-up capital of Ley Choon Development Pte. Ltd. ("**LCDPL**") (the "**Proposed Disposal**").

1.2. Chapter 10 of the Listing Manual

The Proposed Disposal constitutes a "**major transaction**" under Chapter 10 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and is subject to the approval of the shareholders of the Company (the "**Shareholders**") being obtained at an extraordinary general meeting to be convened (the "**EGM**"). For further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, please refer to Section 6 of this Announcement.

1.3. Rule 704(18) of the Listing Manual

Upon the completion of the Proposed Disposal, LCDPL will cease to be a subsidiary of the Company.

2. INFORMATION ON LCDPL

LCDPL is a wholly owned subsidiary of the Company that was incorporated in Singapore on 11 March 2002. LCDPL is principally engaged in the business of real estate development and building construction. LCDPL is the legal and beneficial owner of the land situated at No. 241 Pasir Panjang Road, Singapore 118596 comprised in Land Lot 99888V MK 3 and all buildings or structure erected to or to be erected thereon (the "**Property**"). The Property has a land area of 12,930 square feet and a plot ratio of 1.4 times. LCDPL does not have any other significant assets other than the Property.

3. INFORMATION ON THE PURCHASER

The Purchaser was incorporated in Singapore with its principal place of business and registered office at 25 Bukit Batok Street 22, Singapore 659591. The Purchaser was admitted to the Mainboard of SGX-ST on 6 June 2013. The principal activities of the Purchaser are investment holding. The principal activities of its associates and subsidiaries are development of real estate and/or investment holding. The Purchaser is a subsidiary of SGX-ST Mainboard listed TEE International Limited.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1. Proposed Disposal

Pursuant to the terms and subject to the conditions of the SPA, LCCE shall sell as beneficial owner and the Purchaser shall purchase the entire issued and paid-up capital of LCDPL comprising 8,732,306 issued and paid-up ordinary shares (the "**Sale Shares**") free from all Encumbrances (as defined in the SPA) and together with all rights attaching thereto or accruing thereto, as at the Completion Date (as defined below) and thereafter.

4.2. Completion

The completion of the sale and transfer of the Sale Shares to the Purchaser (the "**Completion**") shall take place on 30 November 2016 or the date falling fourteen (14) business days after the fulfilment or waiver of the last of the Conditions Precedent (as defined in Section 4.4 below) or such other date as the Purchaser and LCCE may agree in writing on which Completion shall take place (whichever is later) (the "**Completion Date**").

4.3. Consideration and Adjustments

4.3.1 Aggregate Consideration

The aggregate consideration for the purchase of all the Sale Shares is S$11,500,000 (the "**Consideration**") which shall comprise, and be paid in accordance with the following:

(a) immediately upon the execution of the SPA, the Purchaser shall pay to LCCE the sum of S$500,000 (the "**Deposit**"), which shall be paid by the Purchaser to the Purchaser's solicitors as an escrow agent (the "**Escrow Agent**") to hold in accordance with the escrow agreement entered into between LCCE, the Purchaser and the Escrow Agent;

(b) on Completion, the Purchaser shall pay to LCCE:

(i) the sum of S$9,941,600 (the "**Closing Amount**"); or

(ii) the Adjusted Closing Amount (as defined in Section 4.3.3 below), subject to adjustment in accordance with Section 4.3.3 below,

such Closing Amount or the Adjusted Closing Amount (as the case may be) to be effected by way of cashier's order(s) in an amount in satisfaction of the Redemption Amount (as defined in the SPA) in favour of Sing Investments & Finance Limited ("**SIFL**") and the balance to LCCE by way of bank telegraphic transfer, cashier's order or banker's draft; and

(c) on Completion, the Purchaser shall pay to LCCE the sum of S$1,058,400 (the "**Retention Sum**"), which shall be paid by the Purchaser to Madison Pacific Pte Ltd as an escrow agent (the "**Retention Sum Escrow Agent**") to hold in accordance with the escrow agreement (in respect of the Retention Sum), entered or to be entered into on or before Completion among LCCE, the Purchaser and the Retention Sum Escrow Agent (the "**Retention Sum Escrow Agreement**").

The Consideration was arrived at on a willing seller willing buyer basis after taking into account various commercial factors including the location of the Property and the terms and conditions of the Proposed Disposal as set out in the SPA.

4.3.2 Deposit

If the SPA is rescinded or terminated prior to Completion, either the Purchaser shall be entitled to refund of the Deposit upon the non-fulfillment of the Conditions Precedent (as defined below) or the Vendor shall be entitled to the receipt and benefit of the Deposit on Completion in accordance with the provisions of the SPA.

4.3.3 Closing Amount

In the event LCCE is unable to fulfil the condition set out under Condition Precedent (f) below on or before the Completion Date (or such other date to be mutually agreed in writing), LCCE and the Purchaser agree that an amount equivalent to the ABSD Amount (as defined under Condition Precedent (f) below), including all accrued interests on the ABSD Amount (up to the time of full payment to the Inland Revenue Authority of Singapore ("**IRAS**")) chargeable by the IRAS, shall be deducted from the Closing Amount (the "**Adjusted Closing Amount**").

4.3.4 Retention Sum

The Retention Sum Escrow Agreement shall set out and incorporate the following terms and such other terms as mutually agreed between LCCE and the Purchaser:

(i) in the event LCDPL complies with the Qualifying Certificate Requirements (as defined under the SPA) on or before 13 February 2018, LCCE and the Purchaser shall sign and deliver to the Retention Sum Escrow Agent all authorisations and/or mandates which may be required under the Retention Sum Escrow Agreement in order to effect the release of the full Retention Sum to LCCE within five (5) business days from 13 February 2018; and

(ii) in the event LCDPL fails to comply with the Qualifying Certificate Requirements on or before 13 February 2018, LCCE and the Purchaser shall sign and deliver to the Retention Sum Escrow Agent all authorisations and/or mandates which may be required under the Retention Sum Escrow Agreement in order to effect the release of the Retention Sum to the Purchaser within five (5) business days from 13 February 2018.

4.4. Conditions Precedent

Completion of the SPA is subject to the following material conditions precedent having been fulfilled or waived in accordance with Clause 4.1 of the SPA:

(a) written confirmation by LCCE being provided as at Completion that the Warranties (as defined in the SPA) (subject to the Disclosure Letter (as defined in the SPA)) shall be true and correct in all material respects as of the date thereof and until the Completion Date as if made at and as of such time;

(b) written confirmation by LCCE that since the date of signing of the SPA, there has not occurred any event or circumstance that would have a Material Adverse Effect (as defined in the SPA);

(c) completion of the legal, technical and financial due diligence by the Purchaser to the satisfaction of the Purchaser by the Completion Date, or on such other date agreed in writing by the Purchaser and LCCE;

(d) the approval of the shareholders in general meeting of the Company being obtained for the purchase of the Sale Shares by the Purchaser on the terms of the SPA;

(e) the approval of the Controller of Residential Property has been obtained by LCCE and/or LCDPL pursuant to the Residential Property Act (Cap. 274) in respect of the

sale of the Sale Shares by LCCE to the Purchaser and the change in shareholders in connection with the Approval (Qualifying Certificate);

(f) the additional buyer's stamp duty ("**ABSD Amount**") and all accrued interest on the ABSD Amount payable to IRAS in respect of the initial purchase of the Property by LCDPL on 21 December 2012 has been fully paid by LCCE and/or LCDPL to IRAS;

(g) the in-principle approval of the Controller of Housing has been obtained by LCCE and/or LCDPL pursuant to the Housing Developers (Control and Licensing) Act (Cap. 130) in respect of the sale of the Sale Shares by LCCE to the Purchaser and the change in directors in connection with the housing developer's licence granted to LCDPL;

(h) the Purchaser's solicitors receiving satisfactory replies to all Legal Requisitions (as defined in the SPA) provided always that:

(i) any reply which discloses that the Property or any part thereof is affected by any notice which has not been complied with and which is incapable of being complied with by LCCE or which LCCE is unable to comply with on or before 15 December 2016 or such other date as LCCE and the Purchaser may mutually agree in writing, shall be deemed to be unsatisfactory; and

(ii) any schemes, proposals, layout, matter or thing, roads, backlanes and drainage reserves, widening proposals or schemes or any of them affecting the Property or any part thereof shall be deemed to be unsatisfactory (save for those already taken into account in the grant of written permission from the Urban Redevelopment Authority);

(i) unless directed otherwise by the Purchaser, all contracts entered into by or on behalf of LCDPL, including but not limited to construction, mechanical and engineering, and all professional consultancy contracts, having been terminated at the cost of LCCE; and

(j) pursuant to the Debt Restructuring (as defined in the SPA):

(i) written letter of consent of the Security Agent (as defined in the SPA) to the sale of the Sale Shares and that from Completion Date, LCDPL will cease to be a Chargor (as defined in the SPA);

(ii) a deed of discharge and release duly executed by the Security Agent discharging LCDPL from its obligations under the Charge Over Assets (as defined in the SPA), Debt Restructuring Agreement (as defined in the SPA) and the Security Trust Deed (as defined in the SPA); and

(iii) the certificates of non-crystallisation issued by the Security Agent in connection with the release of any or all assets, businesses or shares (or equivalent) of LCDPL.

(each a "**Condition Precedent"** and collectively the "**Conditions Precedent**").

4.5. LCCE's Obligations Pending Completion

Pending Completion, LCCE undertakes to use its best endeavours to ensure, *inter alia*, that:

(a) subject to an indemnity being given by the Purchaser to LCCE and/or LCDPL against all costs and expenses and any actions, demands, claims, and proceedings by the Urban Redevelopment Authority and/or such other relevant authorities arising from the Purchaser's submissions, LCCE shall and LCCE shall procure LCDPL to render all assistance and do all things necessary (including but not limited to furnishing duly signed letter(s) of authority in such format as required by the Purchaser to allow the

application to the Urban Redevelopment Authority and/or such other relevant authorities for planning permision(s) and/or plans in respect of the redevelopment of the Property as determined by the Purchaser in its sole discretion and at the Purchaser's sole cost, whether such application is made in the name of the Purchaser, the Purchaser's architect or the Company; and

(b) without disturbance to the operation of the rest of the premises within the Property as is reasonable in the circumstances:

(i) LCDPL shall upon reasonable notice being provided by the Purchaser to LCCE, grant the Purchaser (including its employees, consultants, agents) access to the Property to effect or carry out any land survey, soil test, valuation or inspection thereon, and

(ii) the Purchaser shall (for the purposes of (i) above) be allowed to take such equipment and materials into and upon the Property, as may be reasonably required.

5. VALUE OF THE SALE SHARES AND GAIN FROM THE PROPOSED DISPOSAL

5.1. Value of the Sale Shares

The net liability value of the Sale Shares as recorded in the unaudited consolidated financial statements of the Company for the financial period ended 30 June 2016 was approximately S$2,211,307.

5.2. Loss from the Proposed Disposal

Assuming that the Proposed Disposal was completed on 31 March 2016 and taking into account any associated costs and liabilities of the Proposed Disposal (i.e. approximately S$3,156,000), the loss from the Proposed Disposal will be approximately S$656,900.

6. USE OF PROCEEDS

The Company expects to receive net proceeds of approximately S$9,939,100 (the "**Net Proceeds**") after deducting professionals and related expenses incurred in connection with the Proposed Disposal. The Company intends to use the entire Net Proceeds to satisfy the amounts due to SIFL as stated in Section 4.3.1(b) above and the balance of the remaining Net Proceeds (if any) to repay the other borrowings under the Debt Restructuring Plan (as defined in Section 8 below).

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group for period ended 30 June 2016 are as follows:

Rule 1006	Base	Relative figure computed in accordance with the bases set out in Rule 1006
(a)	The net asset[(1)] value of the assets to be disposed of, compared with the Group's net asset value	-36.59%
(b)	The net profits[(2)] attributable to the assets disposed of, compared with the Group's net profits	-63.68%
(c)	The aggregate value of the consideration received,	64.71%

	compared with the Company's market capitalization[(3)] based on the total number of issued shares excluding treasury shares	
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable to a disposal of shares in a company
(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.	Not applicable to a disposal of shares in a company

Notes:

(1) "**net asset**" means total assets less total liabilities, including non-controlling interests.

(2) "**net profits**" means profit or loss before income tax, non-controlling interests and extraordinary items.

(3) "**market capitalisation**" is calculated by the number of shares of the Company (excluding treasury shares) multiplied by the volume weighted average price of the Company's shares as at 23 September 2016, being the day on which the SPA was signed (after trading hours).

As the relative figures computed above on the basis set out in Rule 1006 of the Listing Manual above exceeds 20%, the Proposed Disposal constitutes a "**major transaction**" under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at a general meeting to be convened. A circular will be dispatched to Shareholders in due course.

8. RATIONALE FOR THE PROPOSED DISPOSAL

8.1. The Group has been undergoing a debt restructuring programme with the lenders ("**Debt Restructuring Plan**") which encompasses disposal of non-core assets and non-core business. On 23 September 2016, the Group and its lenders entered into a Debt Restructuring Agreement ("DRA") encapsulating the key terms of restructuring the debt obligations of the Group and the material terms of the DRA were announced on 26 September 2016. In line with the Debt Restructuring Plan, the Group has undertaken this Proposed Disposal exercise.

8.2. Accordingly, the Board, after careful consideration, is of the view that the Consideration is fair and reasonable and that the Proposed Disposal is in the best interests of the Company and its Shareholders.

9. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

9.1. Bases and Assumptions

For the purposes of illustration only, the *pro forma* financial effects of the Proposed Disposal taken as a whole are set out below. The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial period ended 31 March 2016 ("**FY2016**") and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Disposal.

9.2. Share Capital

The Proposed Disposal has no impact to the Company's issued share capital.

9.3. Net Tangible Assets ("**NTA**")

Assuming that the Proposed Disposal was completed on 31 March 2016 and based on the Group's audited consolidated financial statements for FY2016 and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the *pro forma* financial effects of the Proposed Disposal (excluding non-controlling interests) on the consolidated NTA of the Group are as follows:

	As at 31 March 2016	
	NTA of the Group (S$'000)	NTA per share (cents)
Before the Proposed Disposal	6,026	1.0
After the Proposed Disposal	5,081	0.9

9.4. Earnings Per Share ("**EPS**")

Assuming that the Proposed Disposal had been completed on 1 January 2015 and based on the Group's audited consolidated financial statements for FY2016 and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the *pro forma* financial effects of the Proposed Disposal on the consolidated EPS of the Group are as follows:

	For FY2016	
	Earnings of the Group (S$'000)	EPS per share (cents)
Before the Proposed Disposal	(63,379)	(10.7)
After the Proposed Disposal	(64,035)	(10.8)

9.5. Gearing

Assuming that the Proposed Disposal had been completed on 31 March 2016 and based on the Group's audited consolidated financial statements for FY2016 and disregarding any interest, revenue and/or return that may arise from the Proposed Disposal, the *pro forma* financial effects of the Proposed Disposal on the gearing of the Group are as follows:

	As at 31 March 2016		
	Total Debts (S$'000)	Total Equity (S$'000)	Gearing Ratio (times)
Before the Proposed Disposal	110,732	6,026	18.38
After the Proposed Disposal	100,918	5,081	19.86

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

10.1. The Purchaser is not related to the Company or any of its subsidiaries.

10.2. None of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective

shareholdings in the Company.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Disposal.

12. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of the Shareholders for the Proposed Disposal and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be dispatched to the Shareholders in due course.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office of the Company for a period of three (3) months from the date of this Announcement.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement 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 Disposal, LCCE, LCDPL, 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.

Where information in this 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 this Announcement in its proper form and context.

15. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Disposal as appropriate or when there are further developments on the same.

16. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this Announcement that the Proposed Disposal will proceed to completion, as the completion is subject to, *inter alia*, fulfillment of all the conditions precedent in the SPA. Shareholders are advised to read this Announcement and any further announcements and the Circular by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the action they should take.

BY ORDER OF THE BOARD
Toh Choo Huat
Executive Chairman and Chief Executive Officer
26 September 2016