



LIAN BENG GROUP LTD
Registration No. 199802527Z

**ENTRY INTO JOINT VENTURE AND
LETTER OF OFFER IN RESPECT OF LAND AT JALAN PAPAN, SINGAPORE**

1. INTRODUCTION

The board of directors (“**Directors**”) of Lian Beng Group Ltd (“**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that Centurion-Lian Beng (Papan) Pte. Ltd. (“**JVCo**”) has on 22 December 2014 accepted a letter of offer (“**Letter of Offer**”) issued by ASPRI Dormitory Pte. Ltd. (“**ASPRI SPV**”) to the JVCo in relation to:

- (a) the grant by ASPRI SPV to the JVCo of a licence (“**Licence**”) to complete the construction of a workers dormitory to house 7,900 workers (“**Workers Dormitory**”) and a training centre at a parcel of land located at Jalan Papan, Singapore (“**Land**”); and
- (b) the proposed grant by ASPRI SPV to the JVCo of a sublease (“**Sublease**”) in respect of the Land and the buildings for the purpose of operating the Workers Dormitory,

(the “**ASPRI Offer**”).

2. THE JVCO

- 2.1 The JVCo is a joint venture company between Centurion Dormitory Venture Pte. Ltd. (“**JV Partner**”), a wholly-owned subsidiary of Centurion Corporation Limited (“**Centurion**”), and Goldprime Dormitory Pte. Ltd. (“**Goldprime**”), a wholly-owned subsidiary of the Company for the purpose of the ASPRI Offer (“**Joint Venture**”).
- 2.2 The JVCo was formerly known as Westlite Dormitory (V Four) Pte. Ltd. prior to the change of name to its present name. Prior to the Joint Venture, the JVCo had an issued and paid-up share capital of S\$1.00, comprising one ordinary share in the capital of the JVCo (“**JVCo Share**”), held by the JV Partner.
- 2.3 In connection with the ASPRI Offer, the Group has entered into the Joint Venture pursuant to which:
 - (a) the JV Partner has subscribed for, and the JVCo has issued to the JV Partner, a further 1,019,999 new JVCo Shares, at an issue price of S\$1.00 per JVCo Share, amounting to an aggregate subscription price of S\$1,0019,999.00 paid in cash by the JV Partner to the JVCo; and

- (b) Goldprime has subscribed for, and the JVCo has issued to Goldprime, a total of 980,000 new JVCo Shares, at an issue price of S\$1.00 per JVCo Share, amounting to an aggregate subscription price of S\$980,000.00 paid in cash by Goldprime to the JVCo,

such that the JV Partner's and Goldprime's resultant shareholding interests in the JVCo as at the date of this Announcement is approximately 51% and 49% respectively.

3. THE ASPRI OFFER

- 3.1 ASPRI SPV is a wholly-owned subsidiary of the Association of Process Industry ("**ASPRI**"), a membership-based trade association that represents and promotes the interests of contractors that support the process industry in the area of process, construction and maintenance.

Pursuant to a tender exercise ("**Tender Exercise**"), ASPRI SPV has identified Centurion as a suitable party to *inter alia*, operate and maintain the Workers Dormitory under the terms of the Sublease. Centurion has incorporated the JVCo to be the party to enter into the Sublease (as a joint venture with Goldprime).

- 3.2 *Grant of licence and lease*

Under the Letter of Offer, ASPRI SPV shall:

- (a) grant to the JVCo the Licence to complete the construction and completion of the buildings, structures, installations, equipment, fixtures and fittings comprising the Workers Dormitory and the training centre. The Licence shall be subject to the covenants, stipulations, terms and conditions contained in the building terms set out in the Letter of Offer ("**Building Terms**"); and
- (b) thereafter, subject to the fulfilment of certain conditions, grant to the JVCo the Sublease in respect of the Land and the buildings for the purpose of operating the Workers Dormitory. The term of the Sublease shall commence from the date of the licence granted by the Jurong Town Corporation to ASPRI SPV in respect of a 23 year lease ("**ASPRI Lease**") of the Land and expire on the day immediately preceding the expiry date of the ASPRI Lease. The Sublease shall be subject to the covenants, stipulations, terms and conditions contained in the Building Terms.

- 3.3 **Costs**

It is expected that the JVCo shall incur approximately S\$200 million in connection with the acceptance of the ASPRI Offer and the construction of the Workers Dormitory and the training centre ("**Aggregate Costs**").

The Aggregate Costs was arrived at taking into account, *inter alia*, estimated construction costs based on the design and specifications of the project and the land premium .

The portion of the Aggregate Costs paid and/or payable by the Group (based on Goldprime's shareholding in the JVCo) is approximately S\$98 million and was and/or will be funded by a combination of internal resources and bank borrowings.

3.4 Funding

The funds required by the JVCo in connection with the ASPRI Offer will be provided by a combination of (i) shareholders' loans and/or equity contributions from the parties to the Joint Venture in proportion to their shareholdings and (ii) bank borrowings of the JVCo.

4. RATIONALE

The Joint Venture and the JVCo's acceptance of the ASPRI Offer (together, the "**Transactions**") are in line with the Group's strategy to expand its workers accommodation business and to embark on new opportunities. The Transactions will enable the Group to tap on an existing large captive market and ride on the growth of the process industry in Singapore

5. FINANCIAL EFFECTS

The Transactions are not expected to have any material impact on the earnings and net tangible assets per share of the Group for the current financial year ending 31 May 2015.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their interests in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transactions.

By Order of the Board

Ong Pang Aik
Chairman and Managing Director
23 December 2014