

CIRCULAR DATED 28 OCTOBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Ley Choon Group Holdings Limited (the "**Company**"), you should immediately forward this Circular, the notice of Extraordinary General Meeting and the attached proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The SGX-ST assumes no responsibility for the correctness for any of the statements made, reports contained or opinions expressed in this Circular.



LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in Republic of Singapore)
(Company Registration Number: 198700318G)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED DISPOSAL OF ALL ISSUED AND PAID UP SHARES IN
LEY CHOON DEVELOPMENT PTE LTD TO TEE LAND LIMITED FOR AN AGGREGATE
CONSIDERATION OF S\$11,500,000**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 12 November 2016 at 9.00 a.m.
Date and time of Extraordinary General Meeting : 14 November 2016 at 9.00 a.m.
Place of Extraordinary General Meeting : No. 3, Sungei Kadut Drive
Singapore 729556

This page has been intentionally left blank.

CONTENTS

	PAGE NO.
DEFINITIONS	2
LETTER TO SHAREHOLDERS	5
1. INTRODUCTION	5
2. THE PROPOSED DISPOSAL OF ALL ISSUED AND PAID UP SHARES IN LEY CHOON DEVELOPMENT PTE LTD TO TEE LAND LIMITED FOR AN AGGREGATE CONSIDERATION OF S\$11,500,000	5
3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	15
4. DIRECTORS' RECOMMENDATION	16
5. EXTRAORDINARY GENERAL MEETING	16
6. ACTION TO BE TAKEN BY SHAREHOLDERS	16
7. DIRECTORS' RESPONSIBILITY STATEMENT	16
8. DOCUMENTS AVAILABLE FOR INSPECTION	17
NOTICE OF EXTRAORDINARY GENERAL MEETING	18
PROXY FORM	

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Board” or “Board of Directors”	:	The board of directors of the Company for the time being
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 28 October 2016
“Companies Act”	:	The Companies Act, Chapter 50, of Singapore, as amended or modified from time to time
“Company”	:	Ley Choon Group Holdings Limited
“Constitution”	:	The Constitution of the Company, as amended from time to time
“CPF”	:	The Central Provident Fund
“Director”	:	A director of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company
“EPS”	:	Earnings per share
“FY2016”	:	The financial period ended 31 March 2016
“Group”	:	The Company and its subsidiaries, collectively, for the time being
“Latest Practicable Date”	:	21 October 2016, being the latest practicable date prior to the printing of this Circular
“LCCE”	:	Ley Choon Constructions and Engineering Pte. Ltd., a wholly owned subsidiary of the Company
“LCDPL”	:	Ley Choon Development Pte. Ltd., a wholly owned subsidiary of LCCE
“Listing Manual”	:	The Listing Manual of the SGX-ST, as may be amended, supplemented or modified from time to time
“Main Board Rules”	:	The rules of the Listing Manual applicable to issuers listed on the SGX Main Board, as may be amended, supplemented or modified from time to time

DEFINITIONS

“NAV”	:	Net asset value
“Notice of EGM”	:	The notice of the EGM which is set out on page 18 of this Circular
“NTA”	:	Net tangible assets
“Property”	:	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
“Proposed Disposal”	:	The proposed disposal of all issued and paid up shares in LCDPL by the Company
“Purchaser”	:	TEE Land Limited
“Register of Members”	:	Register of members of the Company
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGX Main Board”	:	The Main Board of the SGX-ST
“Shareholders”	:	Persons (other than CDP) who are for the time being registered as holders of the Shares in the Register of Members of the Company and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Ordinary shares in the capital of the Company
“SPA”	:	The sale and purchase agreement dated 23 September 2016 entered into by the Company and the Purchaser in connection with the Proposed Disposal
“Valuation Report”	:	The valuation of the Property conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd
“S\$” and “cents”	:	Singapore dollar and cents respectively
“%” or “per cent.”	:	Per centum or percentage

DEFINITIONS

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore. The term “**treasury shares**” shall have the meaning ascribed to it in Section 4 of the Companies Act. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of day and date in this Circular shall be a reference to Singapore time, unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Listing Manual or modification as the case may be, unless otherwise provided.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

LETTER TO SHAREHOLDERS



LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in Republic of Singapore)
(Company Registration Number: 198700318G)

Directors:

Mr Toh Choo Huat (Executive Chairman and Chief Executive Officer)
Dr Low Boon Hwee (Executive Director and Group Technical Director)
Prof Ling Chung Yee Roy (Lead Independent Director)
Mr Chia Soon Hin William (Independent Director)
Mr Teo Ho Beng (Non-Executive Director)
Mr Koh Tiam Teng Francis (Non-Executive Director)

Registered Office:

3 Sungei Kadut Drive
Singapore 729556

28 October 2016

To: The Shareholders of Ley Choon Group Holdings Limited

Dear Sir/Madam

THE PROPOSED DISPOSAL OF ALL ISSUED AND PAID UP SHARES IN LEY CHOON DEVELOPMENT PTE. LTD. TO TEE LAND LIMITED FOR AN AGGREGATE CONSIDERATION OF S\$11,500,000

1. INTRODUCTION

- 1.1 The Directors are convening an EGM of the Company to be held on 14 November 2016 to seek the Shareholders' approval for the Proposed Disposal.
- 1.2 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Disposal, and to seek Shareholders' approval in respect of the same at the EGM to be held on 14 November 2016 at 9.00 a.m. at No. 3, Sungei Kadut Drive, Singapore 729556, the notice of which is set out on page 18 of this Circular.
- 1.3 The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

2. THE PROPOSED DISPOSAL OF ALL ISSUED AND PAID UP SHARES IN LCDPL TO TEE LAND LIMITED FOR AN AGGREGATE CONSIDERATION OF S\$11,500,000

Shareholders' approval is being sought at the EGM for the Proposed Disposal by an ordinary resolution.

2.1 BACKGROUND

- 2.1.1 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 8 June 2016, the Group and its lenders agreed on and signed a term sheet

LETTER TO SHAREHOLDERS

setting out the key terms of restructuring the debt obligations of the Group. On 23 September 2016, the Group and its lenders entered into a debt restructuring agreement encapsulating the key terms of restructuring the debt obligations of the Group (the “**Debt Restructuring Agreement**”). Material terms of the Debt Restructuring Agreement have been disclosed in the Company’s announcement dated 26 September 2016. In line with this, the Group has been actively looking for potential buyers for the sale of its non-core assets and non-core business. The Company reviewed the offers received and decided to proceed with the offer of S\$11,500,000 from TEE Land Limited (the “**Purchaser**”) as this was the best offer available at the time.

- 2.1.2 On 23 September 2016, the Company’s wholly owned subsidiary, Ley Choon Constructions and Engineering Pte. Ltd. (“**LCCE**”), entered into the SPA with the Purchaser pursuant to which LCCE agreed to sell and the Purchaser agreed to purchase the entire issued and paid-up capital of Ley Choon Development Pte. Ltd. (“**LCDPL**”) comprising 8,732,306 issued and paid-up ordinary shares (the “**Disposal Shares**”).
- 2.1.3 As the relative figure computed on the basis set out in Rule 1006 of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders. 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 2.9 of this Circular.

2.2 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 TEE International Limited, a company listed on the SGX-ST Mainboard.

None of the directors or shareholders of the Purchaser have any interest, direct or indirect, in the Company, its substantial shareholders or Directors and their respective associates.

2.3 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 name of the Property under development is Pebble Breeze and it is currently partially developed. The Property has a land area of 12,930 square feet and a plot ratio of 1.03 times. The Property consist of 6 units of 3-storey strata semi-detached houses with roof terrace, basement and private pool. LCDPL is expected to receive temporary occupation permit for the Property by 13 March 2018 and sale of the Property has not commenced. LCDPL does not have any other significant assets other than the Property.

LETTER TO SHAREHOLDERS

2.4 VALUE OF THE PROPERTY AND DISPOSAL SHARES AND LOSS FROM THE PROPOSED DISPOSAL

2.4.1 Based on a valuation conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd (the “**Valuer**”) (the “**Valuation Report**”), the market value of the Property as a residential development site with planning approval for the proposed erection of 6 units of 3-storey strata semi-detached houses with roof terrace, basement and private pool with vacant possession and free from all encumbrances was S\$13,500,000 and the gross development value of the Property (assuming satisfactory completion and issuance of temporary occupation permit and certificate of statutory completion) was S\$25,000,000 as at 3 December 2014 (collectively, the “**Market Values**”). The valuation was on the basis of market value which was intended to mean the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In preparing the valuation, the Valuer had relied on information in relation to the Property as provided by the Company which include but are not limited to, the use, floor area and construction brief. The Company wishes to highlight that as the Property is currently partially developed, the Market Values may not reflect a true and accurate valuation of the Property in its prevailing condition.

2.4.2 The Valuer used the following two methods to determine the market value of the subject property, each used as a check against the other:

- (i) the “direct comparison” method which entails the analysis of recent sales evidence of similar properties in the subject/comparable vicinities, making due adjustments for the differences in location, size, configuration, contour, date of sale, master plan parameters viz plot ratio and height restriction, and the prevailing market conditions; and
- (ii) the “residual value” method which entails the assumption of a proposed development on the site based on the foregoing information provided to the valuer. The land value is derived after deducting the cost of acquisition, developer’s profit, development and sale related costs from the sales proceeds from the gross development value.

2.4.3 The net liability value of the Disposal 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. LCDPL has reported a net loss of approximately \$401,000 as per the unaudited financial statement for the financial period ended 30 June 2016.

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

2.4.5 The Company expects to receive net proceeds of approximately S\$9.9 million, details of which are disclosed in Section 2.7 of this Circular. The net sale consideration, however, is approximately S\$8.3 million after adjusting for the associated costs including, but not limited to, agent’s fees, legal costs, extension fees for the qualifying certificate and additional buyer’s stamp duty. These associated costs amount to approximately S\$3.2 million and the bulk of it comprise the Retention Sum (i.e. S\$1,058,400) and the additional buyer’s stamp duty (i.e. S\$1,565,100). The abovementioned loss from the Proposed Disposal is attributable to an impairment loss which occurs when the net sale

LETTER TO SHAREHOLDERS

consideration is compared with the net book value of the Property of approximately S\$9.0 million as at 30 June 2016 which is the only asset of LCDPL. Secondly, the net liability of approximately S\$2.2 million includes the borrowings and other liabilities of approximately S\$11.2 million which the Purchaser is not taking over.

2.5 PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

2.5.1 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 Disposal Shares free from all Encumbrances (as defined in the SPA) and together with all rights and advantages then and thereafter attaching thereto as at the Completion Date (as defined below) and thereafter.

2.5.2 Completion

The completion of the sale and transfer of the Disposal 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 2.5.4 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**").

2.5.3 Consideration and Adjustments

A. Aggregate Consideration

The aggregate consideration for the purchase of all the Disposal 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 2.5.3(C) below), subject to adjustment in accordance with Section 2.5.3(C) 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 and the balance to LCCE by way of bank telegraphic transfer, cashier's order or banker's draft; and

LETTER TO SHAREHOLDERS

- (c) on Completion, the Purchaser shall pay to LCCE the sum of S\$1,058,400⁽¹⁾ (the “**Retention Sum**”), which shall be paid by the Purchaser to Madison Pacific Pte Ltd⁽²⁾ 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.

Notes:

- (1) The Retention Sum (S\$1,058,400) is the extension charge imposed by the Controller of Residential Property for an extension of 1 year to fulfill the project completion deadline under the qualifying certificate which is based on 8% of the original purchase price of the land of \$13,230,000.
- (2) Madison Pacific Pte Ltd is part of the Madison Pacific Group (with offices in Hong Kong, Singapore, Beijing and London) and is an independent provider of a range of corporate and trustee services, including security and bond trustee, escrow agency, custodial, directorship and company secretarial services in a variety of investment contexts. Since its establishment in 2011, the Madison Pacific Group has acted on over 300 assignments for a variety of clients, including investment funds, banks, governments, institutional investors and family offices, involving transactions with a value in excess of US\$28 billion. Madison Pacific Pte Ltd is not regulated by the Monetary Authority of Singapore (“**MAS**”) but they are permitted to act as a cash escrow agent such as the retention sum escrow agent in the present case. Madison Pacific Pte Ltd is not required to be licensed by MAS for provision of services in connection with taking on cash escrow agent roles.

B. 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 LCCE shall be entitled to the receipt and benefit of the Deposit on Completion in accordance with the provisions of the SPA.

C. 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 IRAS, shall be deducted from the Closing Amount (the “**Adjusted Closing Amount**”).

D. 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

LETTER TO SHAREHOLDERS

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.

Pursuant to the Qualifying Certificate Requirements, LCDPL is required to complete the construction of the Pebble Breeze development in accordance with the plans approved by the relevant governmental agencies and obtain the temporary occupation permit by 13 March 2018.

2.5.4 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 Disposal 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 Disposal 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 Disposal Shares by LCCE to the Purchaser and the change in directors in connection with the housing developer's licence granted to LCDPL;

LETTER TO SHAREHOLDERS

- (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 Plan:
 - (i) written letter of consent of the Security Agent (as defined in the SPA) to the sale of the Disposal 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), the Debt Restructuring Agreement 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**").

2.5.5 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 permission(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

LETTER TO SHAREHOLDERS

- (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.

2.6 RATIONALE FOR THE PROPOSED DISPOSAL

In line with the Debt Restructuring Plan, the Group has undertaken this Proposed Disposal exercise. The purchase of the Property was financed and upon completion of the Proposed Disposal and receipt of the Consideration, the Company will settle the borrowings. Accordingly, the Board believes that the Proposed Disposal is in the best interests of the Company, having regard to the terms of the Proposed Disposal.

2.7 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 (including, but not limited to, agent’s fees, legal costs and extension fees for qualifying certificate) incurred in connection with the Proposed Disposal. These expenses amount to approximately S\$1,560,900 and the bulk of it comprise the Retention Sum. The Company has deducted the Retention Sum as LCDPL intends to apply for an extension to fulfill the project completion deadline under the Qualifying Certificate Requirements.

The Company intends to use the entire Net Proceeds to satisfy the amounts due to Sing Investments & Finance Limited as stated in Section 2.5.3(A)(b) above and the balance of the remaining Net Proceeds (if any) to repay the other borrowings under the Debt Restructuring Plan.

2.8 FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

2.8.1 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 FY2016 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Disposal.

2.8.2 Share Capital

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

LETTER TO SHAREHOLDERS

2.8.3 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 the financial year 31 March 2016 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 NTA (excluding non-controlling interests) 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

2.8.4 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 the financial year ended 31 March 2016 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 the financial period ended 31 March 2016	
	Net Profit attributable to the Group (S\$’000)	EPS (cents)
Before the Proposed Disposal	(63,379)	(10.7)
After the Proposed Disposal	(64,035)	(10.8)

2.8.5 Gearing

Assuming that the Proposed Disposal had been completed on 31 March 2016 and based on the Group’s audited consolidated financial statements for the financial year ended 31 March 2016 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 ⁽¹⁾

Note:

- (1) The gearing ratio increased despite the reduction of the Group’s total debts because the total equity of the Group declined due to associated transaction costs (including, but not limited to, agent’s fees, legal costs, additional buyer’s stamp duty and extension fees for qualifying certificate).

LETTER TO SHAREHOLDERS

2.9 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 unaudited financial statements of the Group for the financial 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% ⁽²⁾
(b)	The net profits ⁽³⁾ attributable to the assets disposed of, compared with the Group's net profits	-63.68%
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation ⁽⁴⁾ based on the total number of issued shares excluding treasury shares	64.71%
(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) Based on the unaudited financial statements of the Group for the financial period ended 30 June 2016, the net liability value attributable to the Disposal Shares was S\$2,211,307 and the net asset value of the Group was approximately S\$6,043,700.
- (3) "Net profits" means profit or loss before income tax, non-controlling interests and extraordinary items. Based on the unaudited financial statements of the Group for the financial period ended 30 June 2016, the net loss attributable to the Disposal Shares was S\$401,166 and the net profit of the Group was approximately S\$629,971.
- (4) "Market capitalisation" of S\$17,772,210 is calculated by the total number of shares of the Company (excluding treasury shares), amounting to 592,406,996 shares, multiplied by the closing market price of S\$0.03 per Share for trades done on the SGX-ST on 23 September 2016, being the day on which the SPA was executed. The aggregate value of the consideration received was S\$11,500,000.

As the relative figures in Rules 1006 (a), (b) and (c) computed on the basis set out in Rule 1006 of the Listing Manual above exceed 20%, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at the EGM.

LETTER TO SHAREHOLDERS

2.10 INTERESTS IN THE PROPOSED DISPOSAL

None of the directors of the Group and, to the best of the Directors' knowledge, none of the other substantial shareholders of the Group or their associates has any interest, direct or indirect, in the Purchaser.

None of the directors of the Group and, to the best of the Directors' knowledge, none of the other substantial shareholders of the Group has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Group as disclosed in Section 3 of this Circular.

2.11 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.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, as recorded in the register of director's shareholdings and the register of substantial shareholders kept by the Company, were as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Toh Choo Huat ⁽¹⁾	397,000	0.067	296,379,500	50.03
Koh Tiam Teng Francis	29,008,571	4.90	–	–
Dr Low Boon Hwee	480,000	0.08	–	–
Teo Ho Beng	–	–	–	–
Ling Chung Yee Roy	–	–	–	–
Chia Soon Hin William	–	–	–	–
Substantial Shareholders (other than Directors)				
Zheng Choon Holding Pte Ltd	296,379,500	50.03	–	–
Toh Swee Kim ⁽²⁾	110,000	0.019	296,379,500	50.03
Toh Chew Leong ⁽³⁾	–	–	296,379,500	50.03
Toh Chew Chai ⁽⁴⁾	–	–	296,379,500	50.03
Hiap Hoe Investment Pte Ltd	88,268,000	14.9	–	–
Hiap Hoe Limited ⁽⁵⁾	–	–	88,268,000	14.9

LETTER TO SHAREHOLDERS

Notes:

- (1) Mr Toh Choo Huat holds 27.2% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Mr Toh Choo Huat is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.
- (2) Mr Toh Swee Kim holds 23.7% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Mr Toh Swee Kim is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.
- (3) Mr Toh Chew Leong holds 25.4% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Mr Toh Chew Leong is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.
- (4) Mr Toh Chew Chai holds 23.7% of the shareholding in Zheng Choon Holding Pte Ltd. As such, Mr Toh Chew Chai is deemed to be interested in the Shares held by Zheng Choon Holding Pte Ltd.
- (5) Hiap Hoe Investment Pte Ltd is 100% owned by Hiap Hoe Limited. As such, Hiap Hoe Limited is deemed to be interested in the Shares held by Hiap Hoe Investment Pte Ltd.

4. DIRECTORS' RECOMMENDATION

After having considered, amongst other things, the terms and/or rationale of the Proposed Disposal, the Directors are of the view that the Proposed Disposal is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Proposed Disposal.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 18 of this Circular, will be held on 14 November 2016 at 9.00 a.m. at No. 3, Sungei Kadut Drive, Singapore 729556 for the purpose of considering and, if thought fit, passing, with or without modifications the resolutions set out therein.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf shall complete and sign the attached proxy form in accordance with the instructions printed thereon and return it to the Company's registered office at 3 Sungei Kadut Drive Singapore 729556 not less than 48 hours before the time fixed for the holding of the EGM. The completion and return of the proxy form by a Shareholder will not preclude him from attending the EGM and voting in person in place of his proxy should he subsequently wish to do so.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by the CDP at least 72 hours before the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

LETTER TO SHAREHOLDERS

Where information in this Circular 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 circular in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 3 Sungei Kadut Drive Singapore 729556 during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Annual Report of the Company for FY2016;
- (b) the Constitution of the Company;
- (c) the SPA; and
- (d) the Valuation Report.

Yours faithfully

For and on behalf of the Board of Directors of
LEY CHOON GROUP HOLDINGS LIMITED

Toh Choo Huat
Executive Chairman and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING



LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in Republic of Singapore)
(Company Registration Number: 198700318G)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held on 14 November 2016 at 9.00 a.m. at No. 3, Sungei Kadut Drive, Singapore 729556, for the purpose of considering and, if thought fit, passing (with or without modifications) the following ordinary resolution:

ORDINARY RESOLUTION – THE PROPOSED DISPOSAL OF ALL ISSUED AND PAID UP SHARES IN LEY CHOON DEVELOPMENT PTE LTD

Resolved that:

- (a) the Company's proposed disposal of all issued and paid up shares in Ley Choon Development Pte Ltd (the "**Proposed Disposal**") be and is hereby approved; and
- (b) the Directors of the Company and each of them be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Disposal, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this resolution or the transactions contemplated pursuant to or in connection with the Proposed Disposal.

By Order of the Board

Toh Choo Huat
Executive Chairman and Chief Executive Officer

28 October 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Terms and expressions not defined herein but which are defined in this Circular shall have the same meanings when used herein.
2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.
3. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The Proxy Form must be deposited at the registered office of the Company at 3 Sungei Kadut Drive Singapore 729556, not less than 48 hours before the time fixed for holding the Extraordinary General Meeting in order to be entitled to attend and to vote at the Extraordinary General Meeting. The sending of a Proxy Form by a member does not preclude him from attending and voting in person if he finds that he is unable to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
 5. A Depositor’s name must appear on the Depository Register maintained by CDP as at 72 hours before the time fixed for holding the Extraordinary General Meeting in order to be entitled to attend and vote at the Extraordinary General Meeting.
 6. The instrument appointing a proxy or proxies must be signed by the appointor or his attorney duly authorised in writing. Where the instruction appointing a proxy is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.
 7. By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

This page has been intentionally left blank.

PROXY FORM

LEY CHOON GROUP HOLDINGS LIMITED

(Incorporated in Republic of Singapore)
(Company Registration Number: 198700318G)

IMPORTANT:

This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We _____ (name)

of _____ (address)

being a member/members of Ley Choon Group Holdings Limited (the "Company"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholding	
		No. of Shares	%
Address			

and/or such other persons as furnished by us in accordance with Note 4 of this proxy form, or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the Extraordinary General Meeting (the "EGM") of the Company to be held at No. 3, Sungei Kadut Drive, Singapore 729556 on 14 November 2016 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion.

(* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolution	For*	Against*
1.	Proposed Disposal of all issued and paid up shares in Ley Choon Development Pte Ltd		

Dated this _____ day of _____ 2016

Total number of Shares held:	
(a) Depository Register	
(b) Register of Shareholders	

Signature(s) of Member(s)
or Common Seal of Corporate Member

* **IMPORTANT: PLEASE READ NOTES OVERLEAF**

Notes:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert the number of Shares. If you have Shares registered in your name in the Depository and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member entitled to attend and vote at the EGM is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf, save that no such limit shall be imposed on the number of proxies appointed by members which are nominee companies.
3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A proxy need not be a member of the Company.
 6. The instrument appointing a proxy or proxies must be deposited at the Company’s registered office at 3 Sungei Kadut Drive Singapore 729556, not less than 48 hours before the time set for the EGM.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
 8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 9. A corporation which is a member may be authorised by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
 10. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time set for the EGM, as certified by The Central Depository (Pte) Limited to the Company.
 11. The submission of an instrument or form appointing a proxy by a Shareholder of the Company does not preclude him from attending and voting in person at the EGM, if he is able to do so.
 12. A Depositor’s name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the EGM in order for him to be entitled to vote at the EGM.
 13. By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.