

CIRCULAR DATED 26 JANUARY 2017

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

- (1) THE PROPOSED TRANSFER FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED MAIN BOARD TO CATALIST; AND**
- (2) THE PROPOSED NEW SHARE ISSUE MANDATE IN ACCORDANCE WITH SECTION 161 OF THE COMPANIES ACT, CHAPTER 50 AND RULE 806(2) OF SECTION B: RULES OF CATALIST OF THE LISTING MANUAL.**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 15 February 2017 at 9.30 a.m.

Date and time of Extraordinary General Meeting : 17 February 2017 at 9.30 a.m.

Place of Extraordinary General Meeting : No. 3, Sungei Kadut Drive
Singapore 729556

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CONTENTS

| | PAGE NO. |
|---|-----------------|
| DEFINITIONS | 2 |
| LETTER TO SHAREHOLDERS | 6 |
| 1. INTRODUCTION | 6 |
| 2. THE PROPOSED TRANSFER FROM SGX MAIN BOARD TO CATALIST | 7 |
| 3. THE PROPOSED NEW SHARE ISSUE MANDATE IN ACCORDANCE WITH SECTION 161 OF THE COMPANIES ACT AND RULE 806(2) OF THE CATALIST RULES | 21 |
| 4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS | 23 |
| 5. DIRECTORS' RECOMMENDATIONS | 24 |
| 6. EXTRAORDINARY GENERAL MEETING | 24 |
| 7. ACTION TO BE TAKEN BY SHAREHOLDERS | 24 |
| 8. DIRECTORS' RESPONSIBILITY STATEMENT | 24 |
| 9. DOCUMENTS AVAILABLE FOR INSPECTION | 25 |
| NOTICE OF EXTRAORDINARY GENERAL MEETING | 26 |
| PROXY FORM | |

DEFINITIONS

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

| | | |
|--|---|---|
| <i>"1Q2017"</i> | : | The financial quarter ended 30 June 2016 |
| <i>"2Q2017"</i> | : | The financial quarter ended 30 September 2016 |
| <i>"3Q2016"</i> | : | The financial quarter ended 30 September 2015 |
| <i>"ACRA"</i> | : | Accounting and Corporate Regulatory Authority of Singapore |
| <i>"Board" or "Board of Directors"</i> | : | The board of directors of the Company for the time being |
| <i>"Catalist"</i> | : | The Catalist Board of the SGX-ST |
| <i>"Catalist Rules"</i> | : | The rules of the Listing Manual applicable to issuers listed on the SGX Catalist, as set out in Section B: Rules of Catalist of the Listing Manual, as may be amended, supplemented or modified from time to time |
| <i>"CDP"</i> | : | The Central Depository (Pte) Limited |
| <i>"Circular"</i> | : | This circular to Shareholders dated 26 January 2017 |
| <i>"Companies Act"</i> | : | The Companies Act, Chapter 50, of Singapore, as amended or modified from time to time |
| <i>"Company"</i> | : | Ley Choon Group Holdings Limited |
| <i>"Constitution"</i> | : | The Constitution of the Company, as amended from time to time |
| <i>"Controlling Shareholder"</i> | : | A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises Control over the Company |
| <i>"CPF"</i> | : | The Central Provident Fund |
| <i>"Director"</i> | : | A director of the Company for the time being |

DEFINITIONS

| | | |
|--|---|---|
| <i>“EGM”</i> | : | The extraordinary general meeting of the Company, notice of which is set out on pages 26 to 28 of this Circular |
| <i>“Existing Share Issue Mandate”</i> | : | The existing share issue mandate approved by Shareholders at the annual general meeting of the Company for FY2016 held on 22 July 2016 empowering the Directors to issue from time to time and at any time such number of new Shares and instruments (including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares) on such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, subject to certain limits as prescribed in the Main Board Rules |
| <i>“FY2016”</i> | : | The financial period ended 31 March 2016 |
| <i>“Group”</i> | : | The Company and its subsidiaries, collectively, for the time being |
| <i>“Latest Practicable Date”</i> | : | 19 January 2017, being the latest practicable date prior to the printing of this Circular |
| <i>“Listing Manual”</i> | : | The Listing Manual (Section B: Rules of Catalist) of the SGX-ST or the Listing Manual of the SGX-ST (as the case may be), as may be amended, supplemented or modified from time to time |
| <i>“Main Board Rules”</i> | : | 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 |
| <i>“Master Murabaha Facility Agreements”</i> | : | The Master Murabaha Facility Agreements entered into between the Company and the Islamic Bank of Asia Limited on 11 October 2016 to record the amendments made to the key terms and conditions of the Master Murabaha Facility Agreement entered into between the same parties on 13 February 2014 pursuant to the Debt Restructuring Agreement and in compliance with Sharia law requirements. Details of the Master Murabaha Facility Agreements are disclosed in the Company’s announcement dated 11 October 2016 |

DEFINITIONS

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|----------------------------------|---|---|
| <i>“Murabaha Facilities”</i> | : | The murabaha facilities under the Master Murabaha Facility Agreements which amount to an aggregate sum of up to Singapore Dollars fifteen million, nine hundred and seventy-five thousand (S\$15,975,000) |
| <i>“New Share Issue Mandate”</i> | : | The new general share issue mandate to allow the Directors to allot and issue new Shares and convertible securities pursuant to Section 161 of the Companies Act and Rule 806(2) of the Catalist Rules |
| <i>“Notice of EGM”</i> | : | The notice of the EGM which is set out on pages 26 to 28 of this Circular |
| <i>“Official List”</i> | : | The list of issuers maintained by SGX-ST in relation to the Catalist |
| <i>“Proposed Transfer”</i> | : | The proposed transfer of the listing of the Company from the SGX Main Board to the SGX Catalist |
| <i>“Register of Members”</i> | : | Register of members of the Company |
| <i>“SGX-ST”</i> | : | Singapore Exchange Securities Trading Limited |
| <i>“SGX Main Board”</i> | : | The Main Board of the SGX-ST |
| <i>“Shareholders”</i> | : | 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 |
| <i>“Shares”</i> | : | Ordinary shares in the capital of the Company |
| <i>“Sharia”</i> | : | The principles and requirements of <i>sharia</i> as interpreted and determined by the Sharia Supervisory Board of the Islamic Bank of Asia |
| <i>“Proposed Sponsor”</i> | : | RHT Capital Pte. Ltd. |
| <i>“S\$” and “cents”</i> | : | Singapore dollar and cents respectively |
| <i>“%” or “per cent.”</i> | : | Per centum or percentage |

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in section 130A of the Companies Act. 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.

DEFINITIONS

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 (Group Technical Director and Executive Director)
Prof Ling Chung Yee Roy (Lead Independent Director)
Mr Chia Soon Hin William (Independent Director)
Mr Teo Ho Beng (Non-Executive Director)

Registered Office:

3 Sungei Kadut Drive
Singapore 729556

26 January 2017

To: The Shareholders of Ley Choon Group Holdings Limited

Dear Sir/Madam

- (1) THE PROPOSED TRANSFER FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED MAIN BOARD TO CATALIST; AND**
- (2) THE PROPOSED NEW SHARE ISSUE MANDATE IN ACCORDANCE WITH SECTION 161 OF THE COMPANIES ACT, CHAPTER 50 AND RULE 806(2) OF SECTION B: RULES OF CATALIST OF THE LISTING MANUAL.**

1. INTRODUCTION

- 1.1** The Directors are convening an EGM of the Company to be held on 17 February 2017 to seek the Shareholders' approval for the following:
 - (a) the proposed transfer from the SGX Main Board to Catalist; and
 - (b) the new general share issue mandate to allow the Directors to allot and issue new Shares and convertible securities pursuant to Section 161 of the Companies Act and Rule 806(2) of the Catalist Rules.
- 1.2** The purpose of this Circular is to provide Shareholders with information relating to the above proposals to be tabled at the EGM, and to seek Shareholders' approval in respect of the same at the EGM to be held on 17 February 2017 at 9.30 a.m. at 3 Sungei Kadut Drive Singapore 729556, the notice of which is set out on pages 26 to 28 of this Circular.
- 1.3** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Circular.

LETTER TO SHAREHOLDERS

2. THE PROPOSED TRANSFER FROM SGX MAIN BOARD TO CATALIST

Shareholders' approval is being sought at the EGM for the Proposed Transfer by way of a special resolution.

2.1 Background

The Company had in November 2015 made an application to the SGX-ST for the Proposed Transfer and was informed by the SGX-ST that the Company's application for the Proposed Transfer was rejected by the SGX-ST. Details of the outcome of such application had been disclosed in the Company's announcements dated 18 December 2015 and 7 January 2016.

On 8 June 2016, the Group and its lenders agreed on and signed a term sheet 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**"). The material terms of the Debt Restructuring Agreement include, *inter alia*, the following:

- (a) the lenders with existing securities over earnings from the Group's ongoing projects shall release current and future project proceeds into the Group's operating bank accounts;
- (b) the Group shall repay the principal and interest owing to the lenders according to a cash sweep mechanism. There will be a bullet repayment for all outstanding amounts due to the lenders on the final repayment date, being 31 March 2021;
- (c) the Group has granted a security package over the Group's operating bank accounts, fixed assets, and shares in the Company's subsidiaries in favour of the lenders whose rights over the security are held and will be exercised through a security trustee;
- (d) the Group shall dispose its non-core assets and utilise the proceeds received to repay the lenders with security over such assets; and
- (e) interest continues to be payable to the lenders until 31 March 2021.

An announcement on the Debt Restructuring Agreement has been released by the Company via SGXNET on 26 September 2016.

Upon the signing of the Debt Restructuring Agreement, the Company had on 17 November 2016 made a re-application to the SGX-ST for the Proposed Transfer. On 18 January 2017, the Board announced that the Company had obtained the approval in-principle (the "**AIP**") from the SGX-ST in relation to the Company's application for the Proposed Transfer. The AIP is subject to, *inter alia*:

- (a) compliance with the SGX-ST's listing requirements;
- (b) an immediate announcement via SGXNET of the Proposed Transfer;
- (c) Shareholders' approval being obtained for the Proposed Transfer via a special resolution under Rule 410(4) of the Catalist Rules; and

LETTER TO SHAREHOLDERS

- (d) submission of:
- (i) a written undertaking from the Company in the format set out in Appendix 4E of the Catalist Rules to comply with all of the SGX-ST's requirement and policies applicable to the issuers listed on the Catalist;
 - (ii) a written undertaking by the Company that it is not aware of any material information which has not been previously announced via SGXNET which will affect the Company's suitability for the transfer to Catalist; and
 - (iii) a written confirmation from the Company that it is in compliance with all applicable SGX Main Board Rules.

The AIP granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Transfer, the Company, its subsidiaries or its securities.

2.2 Rationale for the Proposed Transfer

2.2.1 Minimum Trading Price Requirement

SGX-ST has introduced in March 2015 a minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Main Board of the SGX-ST (the "**MTP Requirement**"). The MTP Requirement applies to Main Board issuers and not to Catalist issuers.

In the Consultation Paper on Introduction of Minimum Trading Price and Codification of Regulatory Tools released by the SGX-ST on 17 September 2014, it was noted that the Main Board issuers are strongly encouraged to achieve a minimum theoretical share price of at least S\$0.25 post-consolidation to cater for price fluctuations. Further, it was proposed that an issuer that is placed on the watch-list because it is unable to meet the MTP Requirement may consider a transfer to the Catalist if it is able to engage a sponsor for its Catalist listing and comply with Catalist listing requirements.

The SGX-ST had on 2 February 2016 granted an approval in principle for the Company's application for a 6-month extension to meet the MTP Requirement. Accordingly, the SGX-ST will review the Company's compliance with the MTP Requirement on 1 September 2016 instead of 1 March 2016. In its application for extension of time to meet the MTP Requirement, the Company had cited that in view of the MTP as a continuing listing requirement for issuers listed on the Main Board of the SGX-ST, the Company had on 2 November 2015 made an application for, *inter alia*, the Proposed Transfer. The Company's application for the Proposed Transfer was, however, rejected by the SGX-ST on 18 December 2015. Please refer to the announcement dated 18 December 2015 for further information. As the Company could only make a re-application to the SGX-ST for the Proposed Transfer after its debt restructuring plan was finalised and accepted by the financial institutions, the Company had requested for a 6-month extension to meet the MTP requirement. Further details of such extension of time to meet the MTP Requirement had been disclosed in the Company's announcement dated 3 February 2016.

On 23 August 2016, the SGX-ST issued a consultation paper on the proposed refinements to the MTP Requirement. It was noted that the SGX-ST had proposed to introduce an additional market capitalisation threshold to the MTP Requirement. Issuers will therefore be placed on the watch-list if their volume weighted average price is less than S\$0.20 and their

LETTER TO SHAREHOLDERS

average market capitalisation is less than S\$40 million over the 6 months preceding each review date (the “**Revised MTP Requirement**”). The Revised MTP Requirement came into effect on 2 December 2016 and the first review of companies under the Revised MTP Requirement will be on 1 June 2017.

The highest and lowest share price of the Company over the 6 months period preceding the Latest Practicable Date is S\$0.039 and S\$0.02 respectively. The last transacted price per Share on 18 November 2016 (being the last full market day on which Shares were traded prior to the Latest Practicable Date) was S\$0.026. The highest and lowest market capitalisation of the Company over the 6 months period preceding the Latest Practicable Date is approximately S\$23.1 million and S\$11.8 million respectively. The Company’s market capitalisation based on the abovementioned last transacted price per Share of S\$0.026 multiplied by the total number of shares of the Company (excluding treasury shares) amounting to 592,406,996 Shares was approximately S\$15.4 million. Based on the foregoing, the Company expects that it would have to carry out substantive corporate actions (including without limitation share consolidation, restructuring, business acquisitions) to raise its share price and market capitalisation to meet the Revised MTP Requirement if it remains on the SGX Main Board.

2.2.2 The Group’s Current Circumstances

The Company was listed on SGX Main Board in August 2012 via a reverse takeover of Ultron Technologies Limited. The Company is an established one-stop underground utilities infrastructure construction and road works service provider.

The Group is principally involved in three major businesses, namely (i) underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, and sewer pipeline rehabilitation; (ii) road and airfield construction and maintenance services; (iii) manufacture of asphalt premix, which is an essential raw material required for the construction and maintenance of road, airfield and road resurfacing, and recycling of construction waste.

Leveraging on its expertise, the Group has been expanding overseas. The Group has set up its first plant in China, engaging in the construction waste recycling and the development, production and sale of eco-green construction materials. It is also currently undertaking a sewer pipe rehabilitation project in Sri Lanka.

The Company has engaged professional advisors to review its business, overall financial position and commitments with the objective of deciding on and implementing strategies and plans to address potential business and financial challenges as part of its debt restructuring exercise in July 2015. The professional advisors, upon completion of the review of Group’s businesses, overall financial position and commitments, prepared a debt restructuring plan in consultation with the Company and proposed the plan to its lenders. On 23 September 2016, the Group and its lenders agreed on and signed the Debt Restructuring Agreement.

An overview on the Group’s current financial circumstance is detailed in section 2.6 of this Circular.

LETTER TO SHAREHOLDERS

2.2.3 Rationale for the Proposed Transfer

The Board has, after taking into consideration:

- (a) the implications of the Revised MTP Requirement; and
- (b) that the business, market capitalisation and risk profile of the Group better resemble that of companies on Catalist;

decided to seek the approval of the SGX-ST and the Shareholders for a transfer of the Company's listing from the SGX Main Board to Catalist.

2.3 Requirements for the Proposed Transfer

A transfer of listing from the SGX Main Board to Catalist is governed by Rule 410 of the Catalist Rules. As set out below, the Company has met all the requirements for a transfer to the Catalist, save for the requirement for Shareholders' approval for the Proposed Transfer, which is the subject of this Circular.

2.3.1 Rule 410(1) – Compliance with Rules 406(1), (2)(b), (3), (4) and 407(2) and (3)

Based on the shareholding statistics available to the Company as at the Latest Practicable Date, approximately 30.01% of the Shares are held in the hands of the public and the number of public shareholders is more than 3,000, being more than 200 public shareholders, for the purpose of fulfilling the free float requirement stipulated under the Catalist Rules. The overall distribution of shareholdings is expected to provide an orderly secondary market in the securities when trading commences on the Catalist, and is unlikely to lead to a corner situation in the Company's Shares.

Pursuant to Rule 406(2)(b), save for the requirements under the AIP set out in section 2.1 of this Circular, the SGX-ST has not published specific additional or other quantitative criteria for the Proposed Transfer as at the Latest Practicable Date.

The Company has complied with Rule 406(3) of the Catalist Rules as:

- (i) the Directors and executive officers of the Group have the appropriate experience and expertise to manage the Group's business;
- (ii) nothing materially adverse has come to the attention of the Proposed Sponsor to suggest that the Directors, executive officers and Controlling Shareholders of the Group do not have the character and integrity expected of a listed issuer; and
- (iii) the Group has at least two non-executive directors who are independent and free of any material business or financial connection with the Group.

As disclosed in section 2.1 of this Circular, the Group had on 26 September 2016 announced that it had entered into the Debt Restructuring Agreement with its eligible lenders. With the Debt Restructuring Agreement in place, the bulk of the Group's bank borrowings have been re-classified from current liabilities to non-current liabilities.

LETTER TO SHAREHOLDERS

Following the Debt Restructuring Agreement and the re-classification of the bulk of the Group's bank borrowings as described above, the Group's current liabilities as at 30 September 2016 of S\$77.7 million had reduced from S\$160.01 million as at 31 March 2016. This resulted in the Group having a positive working capital of S\$16.8 million as at 30 September 2016, compared to a negative working capital position of S\$59.4 million as at 31 March 2016.

The Group has also taken active steps to strengthen its balance sheet and cash flow, including but not limited to, the completion of the sale of some of its non-core assets such as (i) its properties at No. 55 Kranji Crescent, Singapore 728662 and No. 4 Sungei Kadut Street 2, Singapore 729226 and (ii) the entire issued and paid up shares in its wholly-owned subsidiary, Ley Choon Development Pte. Ltd., wherein the proceeds from the aforementioned transactions have been utilised to partially reduce the Group's liabilities. Electronic copies of the circulars detailing the aforementioned transactions are available on the website of the SGX-ST via announcements made by the Company on 27 July 2016 and 27 October 2016. In addition, the Company is contemplating fund-raising activities to further strengthen its working capital.

The Group has been actively tendering for contracts and since 1 January 2016 until the Latest Practicable Date, the Group has successfully secured 12 contracts worth a combined amount of S\$109.5 million, mainly from the Public Utilities Board. These contracts range for a period of 12 months to 36 months. Combined with its other contracts, and as at 30 September 2016, the Group has an order book value of approximately S\$174 million. Within the next 12 months, the Group expects to complete certain of its existing projects, and achieve project milestones for projects commenced.

With reference to the full year financial results announcement dated 30 May 2016 and the Chairman's statement from the Annual Report for FY2016, the Group has been continuously tendering for projects and improving operational efficiency, which has led to profitable results in 1Q2017. The Group has also continued to record profits of S\$5.3 million for 2Q2017.

In the reasonable opinion of the Board, barring unforeseen circumstances and after taking into consideration the Group's internal resources, operating cash flow, present bank facilities, debt restructuring exercise and the aforementioned circumstances of the Group, the working capital available to the Group is sufficient for its present requirements and for at least 12 months after the Proposed Transfer takes effect. In addition, the Board has confirmed that the Murabaha Facilities, notwithstanding that they are pending Shareholders' approval, will not have an impact on the Debt Restructuring Agreement and will not affect the abovementioned confirmation on the sufficiency of working capital in connection with the Proposed Transfer.

Pursuant to Rule 407(3) of the Catalist Rules, in the reasonable opinion of the Proposed Sponsor, based on the aforementioned and barring any unforeseen circumstances, the working capital available to the Company is sufficient for its present requirements and for at least 12 months after the Proposed Transfer.

LETTER TO SHAREHOLDERS

2.3.2 Rule 410(2) – The Company is sponsored and the Sponsor provides SGX-ST with a completed Appendix 4D (Transfer Confirmation by Sponsor)

The Board proposes to appoint RHT Capital Pte Ltd as the Company's continuing sponsor, subject to the Proposed Transfer taking effect. RHT Capital Pte Ltd has provided SGX-ST with the completed Appendix 4D (Transfer Confirmation by Sponsor) of the Catalist Rules.

2.3.3 Rule 410(3) – The Company provides SGX-ST with a completed Appendix 4E (Applicant's Listing Agreement)

The Company has in its application to the SGX-ST for the Proposed Transfer provided SGX-ST with the completed Appendix 4E (Applicant's Listing Agreement) of the Catalist Rules.

2.3.4 Rule 410(4) – The Company's Shareholders have approved the Proposed Transfer by special resolution

The Proposed Transfer is subject to the approval of the Shareholders by way of a special resolution at the EGM, the notice of which is set out on pages 26 to 28 of this Circular.

Accordingly, subject to the approval of the Shareholders for the Proposed Transfer at the EGM, Rule 410(4) of the Catalist Rules will be complied with.

2.3.5 Rule 410(5) – The Company is in compliance with all applicable Main Board Listing Rules

The Company has confirmed to the SGX-ST that the Company is in compliance with all applicable Main Board listing rules.

2.4 Key Differences between Issuers listed on the Main Board and Issuers listed on Catalist

The table below summarises some key differences between issuers listed on the Main Board and issuers listed on Catalist.

| | Main Board | Catalist |
|---------------------------|---|--|
| Supervision | The SGX-ST supervises the compliance of issuers' with their continuing listing obligations under the Main Board Rules. | Sponsors supervise the compliance of issuers' with their continuing listing obligations under the Catalist Rules. |
| Changes in capital | An issuer can obtain the mandate of shareholders to issue up to 50% of the issuer's share capital excluding treasury shares (of which shares issued on a non pro-rata basis must not exceed 20%). | An issuer can obtain the mandate of shareholders to issue up to 100% of the issuer's share capital excluding treasury shares (of which shares issued on a non pro-rata basis must not exceed 50%). If shareholders approve such mandate by special resolution, the 50% limit can be increased to 100%. |

LETTER TO SHAREHOLDERS

| | Main Board | Catalist |
|--------------------------------------|---|--|
| Acquisitions and Realisations | Acquisitions or disposals of assets of more than 20% but less than 100% of the relevant bases set out in the Main Board Rules (i.e. group's net assets, profits, market capitalization or equity securities issued, as the case may be) will require the approval of shareholders. | Acquisitions of assets of more than 75% but less than 100% of the relevant bases set out in the Catalist Rules (i.e. group's net assets, profits, market capitalization or equity securities issued, as the case may be) will require the approval of shareholders. Disposals of assets of more than 50% of the relevant bases set out in the Catalist Rules (i.e. group's net assets, profits, market capitalization or equity securities issued, as the case may be) will require the approval of shareholders. |
| Minimum Trading Price | There is a minimum trading price of S\$0.20. | There is no minimum trading price. |
| Watch-list criteria | The SGX-ST will place an issuer on the watch-list under either of the following: (i) Financial Entry Criterion Records pre-tax losses for the three (3) most recently completed consecutive financial years (based on the audited full year consolidated accounts), and an average daily market capitalisation of less than S\$40 million over the last six (6) months. (ii) MTP Requirement Records a volume weighted average price of less than S\$0.20 and an average daily market capitalisation of less than S\$40 million over the last six (6) months, save that for the purposes of this rule, real estate investment trusts and business trusts are subject only to the MTP Requirement but not the Financial Entry Criterion. | There is no watch-list. |

LETTER TO SHAREHOLDERS

2.5 Use of CPF Savings under the CPF Investment Scheme to Purchase Shares

The Board wishes to highlight that CPF savings cannot be used to purchase shares that are listed on the Catalist, except for companies that were migrated from the Stock Exchange of Singapore Dealing and Automated Quotation (SESDAQ) to the Catalist on 17 December 2007. Thus, once the Company transfers its listing to the Catalist, CPF savings can no longer be used to purchase the Company's shares under the CPF Investment Scheme ("CPFIS"). Shareholders who have purchased the Company's shares using their CPF account savings under the CPFIS prior to the transfer of its listing to the Catalist can choose to hold or sell such shares or participate in corporate actions, subject to prevailing CPFIS rules and limits for such shares.

2.6 Recent Financial Highlights of the Company

Further to the completion of the sale of some of the Group's non-core assets such as (i) the properties at No. 55 Kranji Crescent, Singapore 728662 and No. 4 Sungei Kadut Street 2, Singapore 729226 and (ii) the entire issued and paid up shares in the Company's wholly-owned subsidiary, Ley Choon Development Pte. Ltd., the proceeds from the aforementioned transactions have been utilised to partially reduce the Group's liabilities which have resulted in a decline in the Group's overall borrowings by approximately S\$30 million. Pursuant to the utilisation of the proceeds for the payment of the debts under the Debt Restructuring Agreement, the Group has met the minimum repayment obligation of S\$10 million per annum for the next 3 years commencing from date of the Debt Restructuring Agreement.

LETTER TO SHAREHOLDERS

A summary of the Group's financial situation for FY2016 and 2Q2017, as well as a comparison between 3Q2016 and 2Q2017 are reproduced below from the Company's announcement released via SGXNET on 14 November 2016.

(a) Unaudited Consolidated Statement of Comprehensive Income

| | Quarter ended | | Change % |
|---|-----------------------|-----------------------|-------------|
| | 30 Sep 2016 \$'000 | 30 Sep 2015 \$'000 | |
| Revenue | 29,495 | 25,440 | 15.9 |
| Cost of sales | (22,670) | (25,065) | (9.6) |
| Gross profit/(loss) | 6,825 | 375 | 1720.0 |
| Other income | 4,348 | 799 | 444.2 |
| Distribution expenses | (163) | (184) | (11.4) |
| Administrative expenses | (5,105) | (4,349) | 17.4 |
| Other operating expenses | (620) | (7,369) | (91.6) |
| Results from operating activities | 5,285 | (10,728) | n/m |
| Finance costs | (615) | (1,130) | (45.6) |
| Profit/(loss) before tax | 4,670 | (11,858) | n/m |
| Tax expense | (1) | (369) | (99.7) |
| Profit/(loss) for the period | 4,669 | (12,227) | n/m |
| Other comprehensive income/(loss) | | | |
| Foreign currency translation differences – foreign operations | 112 | 459 | (75.6) |
| Total comprehensive income/(loss) for the period | 4,781 | (11,768) | n/m |
| Profit/(loss) attributable to: | | | |
| Owners of the Company | 4,669 | (12,227) | n/m |
| Non-controlling interests | – | – | – |
| Profit/(loss) for the period | 4,669 | (12,227) | n/m |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | 4,781 | (11,768) | n/m |
| Non-controlling interests | – | – | – |
| Total comprehensive income/(loss) for the period | 4,781 | (11,768) | n/m |

n/m – not meaningful

LETTER TO SHAREHOLDERS

Revenue increased to \$29.4 million for 2Q2017 compared to the corresponding quarter 3Q2016 of \$25.4 million. The increase was due mainly to addition of new projects during the period.

Gross profit was \$6.8 million for 2Q2017 compared to gross profit of approximately \$0.4 million for 3Q2016 due mainly to better direct cost management during the period.

Other income for 2Q2017 increased by approximately \$3.5 million to \$4.4 million compared to 3Q2016 mainly due to gain on disposal of office building at No. 4 Sungei Kadut Street 2, Singapore during the period. The rest of the other income of approximately \$0.9 million comprises income from training centre, rental income, sale of scrap materials and sundry income.

Other operating expenses for 2Q2017 decreased by approximately \$6.7 million to \$0.6 million compared to 3Q2016 due mainly to significant write down on development property at No. 241 Pasir Panjang Road, Singapore in the prior period.

The Group reported a net profit after tax of \$4.6 million for 2Q2017 compared to a net loss after tax of \$12.2 million for 3Q2016 due to, amongst others, the reasons as explained above.

LETTER TO SHAREHOLDERS

(b) Unaudited Consolidated Statement of Financial Position

| | Group | |
|--|--------------------------------|--------------------------------|
| | As at 30 Sep 2016 \$'000 | As at 31 Mar 2016 \$'000 |
| Assets | | |
| Land use rights | 3,150 | 3,253 |
| Property, plant and equipment | 60,719 | 65,005 |
| Subsidiaries | – | – |
| Club membership | 229 | 229 |
| Deferred tax assets | 884 | 890 |
| Non-current assets | 64,982 | 69,377 |
| Inventories | 9,955 | 5,208 |
| Development property | 9,243 | 10,200 |
| Contracts work in progress | 20,794 | 24,993 |
| Trade and other receivables | 32,783 | 34,414 |
| Other investments | 43 | 11 |
| Cash and bank balances | 15,792 | 14,296 |
| Fixed deposits | 1,435 | 3,810 |
| | 90,045 | 92,932 |
| Non-current assets classified as held for sale | 4,445 | 7,654 |
| Current assets | 94,490 | 100,586 |
| Total assets | 159,472 | 169,963 |
| Equity | | |
| Share capital | 71,117 | 71,117 |
| Other reserves | 135 | 635 |
| Accumulated losses | (60,428) | (65,726) |
| Total equity | 10,824 | 6,026 |
| Liabilities | | |
| Borrowings | 70,948 | 3,927 |
| Non-current liabilities | 70,948 | 3,927 |
| Borrowings | 29,936 | 106,805 |
| Trade and other payables | 45,323 | 50,764 |
| Provisions | 2,441 | 2,441 |
| Current liabilities | 77,700 | 160,010 |
| Total liabilities | 148,648 | 163,937 |
| Total equity and liabilities | 159,472 | 169,963 |

LETTER TO SHAREHOLDERS

The Group's property, plant and equipment decreased by \$4.3 million from \$65.0 million as at 31 March 2016 to \$60.7 million as at 30 September 2016, mainly due to depreciation during the period.

The Group's current assets decreased by \$6.1 million from \$100.6 million as at 31 March 2016 to \$94.5 million as at 30 September 2016, mainly attributable to, *inter alia*, the repayment of borrowings, increased billings, collections from customers, disposal of office building at No. 4 Sungei Kadut Street and additional write down on the development property at No. 241 Pasir Panjang Road.

The Group's current liabilities decreased by \$82.3 million from \$160.0 million as at 31 March 2016 to \$77.7 million as at 30 September 2016 mainly due to reclassification of bank loans to non-current liabilities in accordance with the Debt Restructuring Agreement.

The Group's non-current liabilities increased by \$67.1 million from \$3.9 million as at 31 March 2016 to \$71.0 million as at 30 September 2016 mainly due to reclassification of bank loans to current liabilities in accordance with the Debt Restructuring Agreement.

LETTER TO SHAREHOLDERS

(c) Unaudited Consolidated Statement of Cash Flows

| | 6 Months Period ended | |
|--|------------------------------|--------------------|
| | 30 Sep 2016 | 30 Sep 2015 |
| | \$'000 | \$'000 |
| Cash flows from Operating Activities: | | |
| Profit/(loss) for the period | 5,298 | (43,688) |
| Adjustments for: | | |
| Bad debts written off | – | (32) |
| Amortisation of land use rights | 35 | 39 |
| Depreciation of property, plant and equipment | 5,428 | 6,470 |
| Provision for liquidated damage | – | 842 |
| Impairment loss on trade receivables reversed | (28) | (13) |
| Write-down on development property | 957 | 7,367 |
| Gain on disposal of property, plant and equipment | (328) | (128) |
| Gain on disposal of non-current assets classified as held for sale | (3,591) | – |
| Fair value (gain)/loss on other investments | (32) | 36 |
| Dividend income from other investments | (1) | (2) |
| Interest income | (18) | (22) |
| Finance costs | 2,470 | 2,363 |
| Gain on disposal of a subsidiary | – | (7) |
| Tax expense | 1 | 407 |
| | 10,191 | (26,368) |
| Changes in working capital: | | |
| Development property | – | (1,723) |
| Inventories | (4,757) | (480) |
| Contracts work in progress | 4,197 | 35,257 |
| Trade and other receivables | 1,323 | (2,136) |
| Trade and other payables | (6,172) | 8,703 |
| | 4,782 | 13,253 |
| Cash generated from operations | | |
| Tax paid | (1) | 542 |
| | 4,781 | 13,795 |
| Net cash generated from operating activities | | |

LETTER TO SHAREHOLDERS

| | 6 Months Period ended | |
|--|------------------------------|--------------------|
| | 30 Sep 2016 | 30 Sep 2015 |
| | \$'000 | \$'000 |
| Cash Flows from Investing Activities: | | |
| Interest received | 18 | 22 |
| Purchase of property, plant and equipment | (2,100) | (1,709) |
| Dividend received from other investments | 1 | 2 |
| Proceeds from disposal of property, plant and equipment | 1,071 | 1,298 |
| Proceeds from disposal of non-current assets classified as held for sale | 6,800 | – |
| Proceeds from disposal of other investments | – | 37 |
| Disposal of a subsidiary, net of cash disposed of | – | (1,476) |
| Net cash generated from/(used in) investing activities | 5,790 | (1,826) |
| Cash Flows from Financing Activities: | | |
| Interest paid | (300) | (1,798) |
| Proceeds from loans from financial institutions | 1,219 | 13,343 |
| Proceeds from bills payable | – | 20,753 |
| Repayment of loans from financial institutions | (6,176) | (16,074) |
| Repayment of bills payable | (8,896) | (23,460) |
| Repayment of finance lease liabilities | (2,659) | (3,822) |
| Loan from controlling shareholders | – | (491) |
| Cash restricted in use | 2,085 | (943) |
| Decrease/(increase) in fixed deposits pledged with banks | 2,374 | (640) |
| Net cash used in financing activities | (12,353) | (13,132) |

The Group's cash and cash equivalents was a surplus of \$0.8 million for 2Q2017 compared to a deficit of \$2.7 million for 3Q2016.

Net cash generated from operating activities was \$4.8 million. The net working capital outflow of \$5.4 million was due mainly to the decrease in contract work in progress, increase in materials purchased for new projects, decrease in payment to the creditors and increase collections from customers.

Net cash generated from investing activities of approximately \$5.8 million was due mainly to sales proceed from disposal of office building at No. 4 Sungei Kadut Street 2.

Net cash used in financing activities of approximately \$12.4 million was due mainly to repayment of loans from financial institutions, bills payable and finance lease liabilities which was partially offset by proceeds from loans from financial institutions, cash restricted in use and fixed deposits.

LETTER TO SHAREHOLDERS

For more information on the Group's financial situation, please refer to the Company's announcement on the financial results for 2Q2017 released via SGXNET on 14 November 2016.

3. THE PROPOSED NEW SHARE ISSUE MANDATE IN ACCORDANCE WITH SECTION 161 OF THE COMPANIES ACT AND RULE 806(2) OF THE CATALIST RULES

Shareholders' approval is being sought at the EGM for the New Share Issue Mandate by way of an ordinary resolution.

3.1 Background and Rationale

After the Proposed Transfer, the Company will no longer be subject to the Main Board Rules and will be subject to the Catalist Rules instead. The Company is seeking the approval of Shareholders at the EGM for the grant of a new general share issue mandate for the allotment and issue of new Shares and convertible securities pursuant to Section 161 of the Companies Act and Rule 806 of the Catalist Rules.

In addition, a general (as opposed to a specific) approval for the Directors to issue Shares and/or convertible securities of the Company under the New Share Issue Mandate will enable the Company to act quickly and take advantage of market conditions.

3.2 Main Differences between the Catalist Rules and the Main Board Rules in relation to General Share Issue Mandates

Some of the main differences between the Main Board Rules and the Catalist Rules relating to the general share issue mandate are summarised in the table below:

| Main Board Rules | Catalist Rules |
|--|---|
| The limit of the general share issue mandate set out in Rule 806(2) of the Main Board Rules is 50% of the total number of issued shares (excluding treasury shares) at the time of the passing of the resolution approving the mandate. | The limit of the general share issue mandate set out in Rule 806(2)(a) of the Catalist Rules is 100% of the total number of issued shares (excluding treasury shares) at the time of the passing of the resolution approving the mandate. |
| Pursuant to Rule 806(2) of the Main Board Rules, issuers can only issue up to 20% of the total number of issued shares (excluding treasury shares) at the time of the passing of the resolution approving the mandate on a non-pro rata basis. | Pursuant to Rule 806(2)(a) of the Catalist Rules, issuers can only issue up to 50% of the total number of issued shares (excluding treasury shares) at the time of the passing of the resolution approving the mandate on a non-pro rata basis. |
| None. | Pursuant to Rule 806(2)(b) of the Catalist Rules, issuers can issue up to 100% of the total number of issued shares (excluding treasury shares) at the time of the passing of the resolution approving the mandate on a non-pro rata basis if Shareholders approve this by way of a special resolution. |

LETTER TO SHAREHOLDERS

3.3 Proposed New Share Issue Mandate

At the annual general meeting of the Company for FY2016 held on 22 July 2016, Shareholders had approved the Existing Share Issue Mandate. Unless revoked or varied by the Company in general meeting, the Existing Share Issue Mandate will expire on the date of the next annual general meeting of the Company. As of the Latest Practicable Date, the Company has not issued any Shares under the Existing Share Issue Mandate.

The Company will be seeking Shareholders' approval at the EGM to adopt the proposed New Share Issue Mandate. The aggregate number of Shares and convertible securities that may be issued pursuant to the New Share Issue Mandate is up to **one hundred percent (100%)** of the total number of the Company's issued Shares (excluding treasury shares) as at the date of the EGM ("**Issued Shares**"), of which the aggregate number of Shares and convertible securities that may be issued other than on a *pro rata* basis is up to **fifty percent (50%)** of the total number of Issued Shares.

The proposed New Share Issue Mandate falls within the limits set out in Rule 806(2)(a) of the Catalist Rules.

The proposed New Share Issue Mandate is also conditional upon the Shareholders voting in favour of the Proposed Transfer.

In addition, subject to Shareholders' approval for the proposed New Share Issue Mandate, the Company intends to issue Shares and/or convertible securities of the Company under the New Share Issue Mandate in order to raise funds to further strengthen its working capital. The Company will at appropriate time provide updates to Shareholders on such fund-raising exercise.

3.4 Validity Period of the Proposed New Share Issue Mandate

The New Share Issue Mandate, if approved by Shareholders at the EGM, will supersede and replace the Existing Share Issue Mandate, to the extent that the Existing Share Issue Mandate has not yet been utilised, and shall take force and effect from the date of the EGM, and the Existing Share Issue Mandate to the extent that the Existing Share Issue Mandate has not yet been utilised, shall correspondingly be deemed revoked with effect from the date of the EGM.

The New Share Issue Mandate shall continue in force until the earliest of the following:

- (a) the conclusion of the next annual general meeting;
- (b) the expiration of the period within which the next annual general meeting is required to be held pursuant to the Constitution or any applicable laws of Singapore;
- (c) it is carried out to the full extent mandated; or
- (d) it is revoked or varied by ordinary resolution of the Shareholders in a general meeting.

Subject to its continued relevance to the Company, the New Share Issue Mandate will be put to Shareholders for renewal at subsequent general meetings of the Company.

LETTER TO SHAREHOLDERS

4. 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 |
| 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 |

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.

LETTER TO SHAREHOLDERS

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Transfer from SGX Main Board to Catalyst

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

5.2 New Share Issue Mandate

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

Shareholders should note that the resolution relating to the New Share Issue Mandate is conditional upon the passing of the resolution relating to the Proposed Transfer. In the event that the resolution relating to the Proposed Transfer is not passed, the resolution relating to the New Share Issue Mandate will also not be passed.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 26 to 28 of this Circular, will be held on 17 February 2017 at 9.30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications the resolutions set out therein.

7. 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.

8. 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 Transfer, the proposed New Share Issue Mandate, 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 the 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 the circular in its proper form and context.

9. 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; and
- (b) the Constitution of the Company.

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 17 February 2017 at 9.30 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 resolutions:

1. SPECIAL RESOLUTION – THE PROPOSED TRANSFER FROM SGX MAIN BOARD TO CATALIST

IT IS RESOLVED that:

- (a) approval be and is hereby given for the Company to transfer its listing from the Singapore Exchange Securities Trading Limited Main Board to Catalist (the “**Proposed Transfer**”); 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 Transfer, 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 Transfer.

2. ORDINARY RESOLUTION – THE PROPOSED NEW SHARE ISSUE MANDATE IN ACCORDANCE WITH SECTION 161 OF THE COMPANIES ACT, CHAPTER 50 AND RULE 806(2) OF SECTION B: RULES OF CATALIST OF THE LISTING MANUAL

Shareholders should note that the resolution relating to the New Share Issue Mandate is conditional upon the passing of the resolution relating to the Proposed Transfer. In the event that the resolution relating to the Proposed Transfer is not passed, the resolution relating to the New Share Issue Mandate will also not be passed.

IT IS RESOLVED that subject to the passing of Special Resolution 1 above, and pursuant to Section 161 of the Companies Act, Chapter 50 (“**Companies Act**”) and Rule 806 of the Listing Manual Section B: Rules of the Catalist of the SGX-ST (“**Catalist Rules**”), authority be and is hereby given to the Directors of the Company to:

- (a) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instructions convertible into Shares;

at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit and, notwithstanding the authority conferred by this ordinary resolution, issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this ordinary resolution was in force, provided that:

- (c) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this ordinary resolution) to be issued pursuant to this ordinary resolution shall not exceed one hundred percent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (d) below) (“**Issued Shares**”), of which the aggregate number of shares to be issued other than on a *pro rata* basis shall not exceed fifty percent (50%) of the total number of Issued Shares;
- (d) subject to such calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (c) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this ordinary resolution, after adjusting for:
- (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this ordinary resolution; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (e) in exercising the authority conferred by this ordinary resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all legal requirements under the Companies Act and the Articles of Association of the Company; and
- (f) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note)

By Order of the Board

Toh Choo Huat
Executive Chairman and Chief Executive Officer

26 January 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Explanatory Note:

Ordinary Resolution 2, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred percent (100%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which the aggregate number of shares to be issued other than on a *pro rata* basis shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company.

Notes:

1. Terms and expressions not defined herein but which are defined in the 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.

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 | Address | NRIC/Passport Number | Proportion of Shareholding | |
|--------------------------------|---------|----------------------|----------------------------|---|
| | | | No. of Shares | % |
| | | | | |
| and/or (delete as appropriate) | | | | |
| | | | | |

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 17 February 2017 at 9.30 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 Transfer From SGX Main Board To Catalist | | |
| 2. | New Share Issue Mandate | | |

Dated this _____ day of _____ 2017

| 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 130A of the Companies Act, Cap. 50), 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 Register 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.