



LIAN BENG GROUP LTD
Registration No. 199802527Z

PROPOSED ACQUISITION OF KHONG GUAN INDUSTRIAL BUILDING, SINGAPORE

1. Introduction

The Board of Directors of Lian Beng Group Ltd (the "Company", and together with its subsidiaries, the "Group") wishes to announce that the Company's wholly-owned subsidiary, Smooth Venture Pte. Ltd. ("Purchaser") had on 17 October 2016 accepted the sale by tender through a letter of acceptance, for the proposed acquisition of Property (defined below) from Khong Guan Land Pte. Ltd. ("Vendor") for an aggregate purchase consideration of S\$31million ("Proposed Acquisition").

2. Information on the Property

All the strata lots and the common property in Strata Title Plan No.2460, comprised in Lot 8190L of Mukim 24 known as 20 Mactaggart Road #01-01, #02-01, #03-01, #04-01, #05-01, #06-01, #07-01, #08-01, #02-02, #03-02, #04-02, #05-02, #06-02, #07-02 and #08-02, Khong Guan Industrial Building, Singapore, with a gross floor area of 57,019 sq ft ("Property").

3. Purchase Consideration

The aggregate purchase consideration for the purchase of Property is S\$31 million (excluding goods and service tax (if any) applicable) ("Purchase Consideration"). The Purchase Consideration payable by the Purchaser to the Vendor was arrived based on arm's length negotiations between the parties on a willing buyer-willing seller basis after taking into consideration the prevailing market conditions and the current market prices of properties in the surrounding vicinity of the Property.

The Purchase Consideration will be satisfied in cash by the Purchasers in the following manner:

- (a) an tender fee and balance deposit of S\$3.1 million (being approximately 10% of the Purchase Consideration) will be paid by the Purchaser to the Vendor on the acceptance of the sale by tender;
- (b) the balance of the Purchase Consideration of S\$27.90 million (being approximately 90% of the Purchase Consideration) will be paid upon completion of the Proposed Acquisition.

The completion ("Completion") of the Proposed Acquisition is scheduled on the date falling 10 weeks from the date of letter of acceptance of sale by tender or such other date that the parties may mutually agree in writing ("Completion Date").

4. Rationale

- 4.1 The Proposed Acquisition is in line with one of the Group's core business activities in property development and investments. The Group views the Proposed Acquisition as a good opportunity to participate in a strategic investment of the Property, where the Group can derive rental returns which will be added to the earnings of the Group.
- 4.2 As the Proposed Acquisition is in line with the Group's ordinary course of business and is of a revenue nature, Chapter 10 of the Singapore Exchange Securities Trading Limited's listing

manual, in particular, seeking Shareholders' approval under Rule 1014 where the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, does not apply to the Proposed Acquisition.

5. Material Conditions

- a) The title to the Property shall be free from encumbrances on completion.
- b) The sale and purchase of all units of the Property shall take place concurrently.
- c) The Proposed Acquisition is subject to the Purchaser receiving satisfactory replies to the legal requisitions to the various government departments and local authorities and to all plans so far as such replies relate to the Property.
- d) The Proposed Acquisition is subject to "Law Society of Singapore's Conditions of Sale 1999".

6. Source of Funds

The Purchase Consideration will be funded through bank borrowings and/or internal resources.

7. Interest of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company. The Vendor is not related to any of the Directors or Controlling Shareholders of the Company.

BY ORDER OF THE BOARD

Ong Pang Aik
Chairman and Managing Director
17 October 2016