

LEY CHOON GROUP HOLDINGS LIMITED

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

SALE OF 4 SUNGEI KADUT STREET 2, SINGAPORE 729226

1. INTRODUCTION

The Board of Directors of the Company and its subsidiaries (the "**Group**") wishes to announce that pursuant to a conditional option to purchase entered into between a wholly-owned subsidiary of the Company, Teacly (S) Pte Ltd (the "**Vendor**"), and Double-Trans Pte. Ltd. and/or its nominees (the "**Purchaser**") (the "**Option**"), the Purchaser had on 31 May 2016 exercised the Option. The Option relates to the sale of the whole of 4 Sungei Kadut Street 2, Singapore 729226 (the "**Property**") (the "**Sale**"), at a purchase price of S\$6,800,000.00 (the "**Sale Price**").

2. INFORMATION ON THE PURCHASER

The Purchaser is a private limited company incorporated in and under the laws of the Republic of Singapore with its registered office at 28 Sin Ming Lane, #07-133, Singapore 573972.

3. THE PROPERTY

The Property is a leasehold property from JTC with a leasehold tenure of 15 years that commenced from 1 September 2010. The Property covers a land area of approximately 4,239.60 square metres.

4. THE PURCHASE PRICE

The Sale Price, which is exclusive of goods and services tax was arrived at, following arms' length negotiation between the Vendor and the Purchaser, on a willing-buyer-willing-seller basis, after taking into account various commercial factors including the current market prices of properties in the surrounding area, the location of the Property and the terms and conditions of the Sale as set out in the Option.

5. MATERIAL CONDITIONS OF THE SALE

Some of the salient terms of the Option are as follows:

- (a) The sale and purchase is subject to the following Special Conditions (as defined below) and where applicable to the conditions stated under (i) below in so far as they are applicable to a sale by private treaty and are not varied by or inconsistent with the said Special Conditions and subject to the rules under (ii) and (iii) below where applicable:
 - (i) The Singapore Law Society's Conditions of Sale 2012;
 - (ii) Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act; and
 - (iii) Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law (Cap 294A).

- (b) The sale and purchase of the Property is with vacant possession and subject to the following special conditions ("**Special Conditions**"):
- (i) the following preliminary clearances where applicable:
 - (aa) National Environmental Agency (NEA)/Pollution Control Department (PCD)
 - (bb) Central Building Plan Unit (CBPU)
 - (cc) Public Utilities Board (PUB)(hereinafter collectively called the "**Preliminary Clearances**"); and
 - (ii) written approval from JTC:
 - (aa) to the sale and purchase of the Property and the assignment/transfer of the unexpired leasehold term of the Property to the Purchaser; and
 - (bb) to the use of the Property by the Purchaser for repair, servicing and storage of equipment used for road construction works and ancillary office and/or ancillary dormitory;(hereinafter called the "**Written Consent**").
- (c) The Sale shall be completed on the later of the following dates ("**Completion**"):
- (i) within sixteen (16) weeks from the date of the exercise of the Option by the Purchaser (the "**Exercise Date**"); or
 - (ii) within two (2) weeks of the date of Written Consent.
- (d) If the relevant Preliminary Clearances are not received eight (8) weeks from the Exercise Date and/or the Written Consent is not received within twelve (12) weeks from the Exercise Date (or within such further extended period of time as may be agreed between the parties) then, subject to the terms provided in the Option, the Option shall at either party's discretion be annulled and shall be regarded as null and void.
- (e) The title of the Property shall be properly deduced and free from encumbrances on Completion.

6. RATIONALE FOR THE SALE

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 businesses. In line with the Debt Restructuring Plan, the Group has undertaken this Sale. Accordingly, the Board, after careful consideration, is of the view that the Sale Price is fair and reasonable and that the Sale is in the best interests of the Company and its Shareholders.

7. USE OF PROCEEDS

The Company expects to receive net proceeds of approximately S\$6,737,000 (the "Net Proceeds") after deducting professionals and related expenses incurred in connection with the Sale. The Company intends to use the entire Net Proceeds for repayment of bank borrowings in accordance with the Debt Restructuring Plan as explained above.

8. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE SGX LISTING MANUAL

Based on the latest announced consolidated financial statements of the Company for financial period ended 31 March 2016, the relative figures for the Sale, computed in accordance with Rule 1006 of the Listing Manual, are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	53.26%
Rule 1006(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable to the Sale as the subject matter is property and also because the Group made a net loss for the year ended 31 March 2016..
Rule 1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares	39.58%
Rule 1006(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.

As the relative figure computed on the basis set out in Rules 1006(a) and 1006(c) of the Listing Manual above exceeds 20%, the Sale constitutes a "major transaction" under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at an extraordinary general meeting.

9. FINANCIAL IMPACT ON THE COMPANY

The financial effects of the Sale are for illustration purposes only and do not reflect the future financial position of the Group after Completion. The financial effects of the Sale are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 and are set out below.

Share Capital

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

Net Tangible Assets ("NTA")

Assuming that the Sale was completed on 1 January 2015 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014 and disregarding any interest, revenue and/or return that may arise from the Sale, the pro forma financial effects of the Sale on the consolidated NTA (excluding non-controlling interests) of the Group are as follows:

	As at 31 December 2014	
	NTA of the Group (S\$'000)	NTA per share (cents)
Before the Sale	70,464	0.119
After the Sale	73,992	0.125

Earnings Per Share ("EPS")

Assuming that the Sale had been completed on 1 January 2014 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014 and disregarding any interest, revenue and/or return that may arise from the Sale, the pro forma financial effects of the Sale on the consolidated EPS of the Group are as follows:

	For the financial year ended 31 December 2014	
	Net Profit attributable to the Group (S\$'000)	EPS (cents)
Before the Sale	(35,998)	(6.07)
After the Sale	(32,470)	(5.49)

Gearing

Assuming that the Sale had been completed on 31 December 2014 and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014 and disregarding any interest, revenue and/or return that may arise from the Sale, the pro forma financial effects of the Sale on the gearing of the Group are as follows:

	As at 31 December 2014		
	Total Debts (S\$'000)	Total Equity (S\$'000)	Gearing Ratio (times)
Before the Sale	139,805	70,464	1.98
After the Sale	133,068	73,992	1.80

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Purchaser is not related to the Company or any of its subsidiaries and none of the Company's directors, substantial shareholders and/or their respective associates has any interests (direct or indirect) in the Sale.

11. DIRECTORS' SERVICE CONTRACTS

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

12. EGM AND CIRCULAR TO SHAREHOLDERS

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

13. INSPECTION OF DOCUMENTS

A copy of the Option will be made available for inspection during normal business hours at the registered office of the Company for a period of 3 months from the date of this announcement.

14. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

15. FURTHER ANNOUNCEMENTS

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

16. CAUTION IN TRADING

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

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer
31 May 2016