



LIAN BENG GROUP LTD
Registration No. 199802527Z

PROPOSED ACQUISITION OF 100% OF THE SHARES OF A COMPANY THAT HOLDS A FREEHOLD INDUSTRIAL PROPERTY IN SINGAPORE – EXECUTION OF SPA

*Capitalised terms used in this announcement which are not defined shall have the meanings ascribed to them in the Company's announcement dated 14 April 2022 (the "**Announcement**").*

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**") of Lian Beng Group Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Announcement and wishes to update that the Company's wholly-owned subsidiary, Lian Beng (Harrison) Pte. Ltd. (the "**Purchaser**") had on 9 June 2022 entered into a share purchase agreement with Future Enterprises Pte. Ltd. (the "**Vendor**") for the proposed acquisition of 100% of the shares of Food Empire Real Estates Pte. Ltd. (the "**Target**") ("**Proposed Acquisition**").
- 1.2 The Purchaser is a special purpose vehicle incorporated by the Company for the purposes of the Proposed Acquisition.
- 1.3 The Proposed Acquisition is regarded as being in the ordinary course of business of the Company (in property investments) and Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**") does not apply to the Proposed Acquisition.

2. INFORMATION ON THE VENDOR, TARGET AND THE PROPERTY

The Vendor is a wholly-owned subsidiary of Food Empire Holdings Limited, a global branding and manufacturing company in the food and beverage sector listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

The Target is the registered proprietor of a freehold industrial property located at 31 Harrison Road, Food Empire Building, Singapore 369649 (the "**Property**"). The Property is a 11-storey multi user light industrial factory building, of freehold tenure which is fully tenanted as at the date of this announcement. The gross floor area of the Property is 4,809.24 square meters.

3. RATIONALE FOR ENTRY INTO THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with one of the Group's core business activities in property 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. SALIENT TERMS OF THE PROPOSED ACQUISITION

Purchase Consideration

- 4.1 The aggregate purchase consideration for the Proposed Acquisition is the adjusted net asset value of the Target as at the Completion Date (as defined below) (the “**Purchase Consideration**”), calculated based on an agreed formula which shall take into account the Property’s value of S\$49,250,000.
- 4.2 The Purchase Consideration was arrived on a willing-buyer and willing-seller basis, after negotiations which were conducted on an arm’s length basis between the Vendor and the Purchaser, after agreeing to take into account the value of the Property.
- 4.3 The Purchase Consideration will be satisfied by the Purchaser in the following manner:
- (a) on signing of the LOI, a payment of a S\$492,500 deposit to the Vendor (“**LOI Deposit**”);
 - (b) on signing of the SPA, a payment of S\$1,970,000 to the Vendor (“**SPA Deposit**”, and together with the LOI Deposit, the “**Initial Payments**”); and
 - (c) on Completion Date, a payment of an amount equal to the estimated adjusted net asset value of the Target as at the Completion Date (“**Estimated Adjusted Net Asset Value**”), less the Initial Payments.
- 4.4 If the adjusted net asset value as at the Completion Date as set out in the final completion accounts of the Target exceeds or is less than the Estimated Adjusted Net Asset Value, the Purchaser will be required to pay to the Vendor or, as the case may be, the Vendor will be required to pay to the Purchaser an amount equal to such excess or deficiency.

Grant of New Loan by the Purchaser to the Target

- 4.5 On the Completion Date, the Purchaser will grant a new shareholder loan (“**New Loan**”) to the Target for an amount equivalent to the shareholder loan owed by the Target to the Vendor (“**Shareholder Loan**”) as at the Completion Date. The proceeds of the New Loan shall be paid by the Purchaser, for and on behalf of the Target, to the Vendor and this payment shall constitute a full and final settlement of, and discharge of the Target’s obligations owing to the Vendor in respect of the Shareholder Loan. The Shareholder Loan has been taken into account in calculating the Purchase Consideration.

Conditions Precedent

- 4.6 Completion is subject to, among others, the following conditions (the “**Conditions Precedent**”) being fulfilled:
- (a) the rectification, or the procurement of such rectification, to the reasonable satisfaction of the Purchaser and its advisers, by the Target or the Vendor (where applicable), of all material issues or irregularities uncovered by the Purchaser and its representatives during the due diligence exercise on the Target;
 - (b) satisfactory replies to the requisitions sent by the Purchaser’s solicitors to the various government departments and the road line plan and drainage interpretation plan with regard to the Property;
 - (c) all warranties provided by the Vendor and Purchaser being true and correct in all material respects at the Completion Date; and
 - (d) the completion of the full and final discharge of the bank securities created by the Target in favour of Oversea-Chinese Banking Corporation Limited.

Completion

- 4.7 Completion is expected to take place on the date no later than five business days after the date on which all Conditions Precedent are fulfilled or waived by the Purchaser or such other date as may be mutually agreed between the Vendor and the Purchaser in writing (as the case may be) (the “**Completion Date**”).
- 4.8 Upon completion, the Target will become a wholly-owned subsidiary of the Company.

Other Material Terms

- 4.9 In the event that the SPA is terminated by the Purchaser pursuant to the terms of the SPA, the entire amount of the Initial Payments (free of interest) shall be refunded by the Vendor to the Purchaser within three business days of such termination.

5. SOURCE OF FUNDS

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

6. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, and to the best of the Directors’ knowledge, none of the controlling shareholders of the Company, and their respective associates, has any interest, direct or indirect, in the Proposed Acquisition other than through their direct or indirect shareholdings in the Company, if any.

7. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments on the Proposed Acquisition.

BY ORDER OF THE BOARD

Ong Pang Aik BBM (L)
Chairman and Managing Director
9 June 2022