



LIAN BENG GROUP LTD
Registration No. 199802527Z

- (A) **DISPOSAL OF INTEREST IN EMERALD LAND PTE. LTD.**
 - (B) **ACQUISITION OF REMAINING SHAREHOLDING INTEREST IN SUBSIDIARY**
 - (C) **ACQUISITION OF PROPERTIES BY LB LAND PTE. LTD.**
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(A) **DISPOSAL OF INTEREST IN EMERALD LAND PTE LTD**

1. **INTRODUCTION**

The Board of Directors of Lian Beng Group Ltd ("the Company", and together with its subsidiaries, the "Group") wishes to announce that LB Land Pte Ltd ("LB Land"), a 67% owned subsidiary of the Company had on 13 September 2012 entered into a sale and purchase agreement (the "SPA") with Pallas 28 Investments Limited (the "Purchaser") to dispose its entire interest of 150,000 ordinary shares and 7,870,506 preference shares ("Sale Shares") in the capital of Emerald Land Pte Ltd ("Emerald") and the shareholders' loans amounting to S\$6,484,311.40, for an aggregate consideration of S\$16,983,876.40 ("Disposal Consideration") ("Disposal").

2. **INFORMATION ON EMERALD LAND PTE LTD**

Emerald is a company incorporated in the Republic of Singapore on 29 August 2007. As at the date of the announcement, the paid-up capital of Emerald is S\$69,997,100 divided into 1,000,000 ordinary shares and 52,470,040 preference shares. Emerald is principally engaged in the business of property development and is the developer of the residential development at 111 Emerald Hill, Singapore ("111 Emerald Hill").

The Sale Shares represent 15% of the entire issued and paid-up share capital of Emerald. The remaining 85% of the entire issued and paid-up share capital of Emerald is held by the Purchaser. The Purchaser is a company incorporated in Mauritius.

3. **RATIONALE FOR THE DISPOSAL**

The sale of units in 111 Emerald Hill by Emerald has been slow. Continued investment in Emerald will increase the risk exposure of the Group. The Disposal will allow the Group to recover its investment in and shareholder's loan granted to Emerald which can be utilised by the Group to finance the purchase of the properties described in Section (C) entitled "Acquisition of Properties by LB Land Pte Ltd" of this Announcement.

4. **MATERIAL TERMS**

4.1 **Disposal Consideration**

- (a) The Disposal Consideration was arrived on a willing-buyer willing-seller basis, which has taken into account *inter alia*, the financial condition of Emerald and the prevailing market conditions as well as the Group's net book value of the investment and the shareholder's loan in Emerald as at 31 August 2012.
- (b) The Disposal Consideration consists of the sum of S\$150,000 for 150,000 ordinary shares, and the sum of S\$10,349,565 for 7,870,506 preference shares and the sum of

S\$6,484,311.40 for the assignment of the outstanding shareholders' loan together with all accrued but unpaid interest ("Shareholders' Loan").

The Disposal Consideration shall be paid by the Purchaser in the following manner:

- (i) S\$6,383,225.40 has been paid on 13 September 2012;
- (ii) S\$10,600,651 will be paid by the Purchaser upon and subject to the conditions described in Paragraph 4.2 below.

4.2 Condition for Disposal Consideration

- (a) The sum of S\$10,600,651 mentioned in paragraph 4.1(ii) above will be paid by the Purchaser within 15 business days after Emerald receiving 85% of the sale consideration for the sale of the units in 111 Emerald Hill to the buyers described in Section (C) of this Announcement ("Emerald Hill Buyers");
- (b) In the event any of the options are not exercised by the Emerald Hill Buyers or the sale and purchase agreements entered by the Emerald Hill Buyers are terminated for whatsoever reason, the sum of S\$10,600,651 shall not be payable by the Purchaser; and
- (c) In the event that there is a default on payment by any of the Emerald Hill Buyers (excluding LB Land and Tan Jer Kiat), LB Land and/or its nominees shall be entitled to find a new replacement buyer for the relevant units in 111 Emerald Hill.

Pursuant to the SPA, LB Land and/or its nominee and Tan Jer Kiat, the remaining shareholder of LB Land, who owns 33% of shareholding interest in LB Land, and/or his nominee have or will enter into the option to purchase five units ("Properties") and three units respectively in 111 Emerald Hill. Please refer to Section (C) of this Announcement for further details.

4.3 Completion

The completion of the SPA has taken place on the same date of the SPA.

5. **VALUE OF THE SHARES BEING DISPOSED**

No valuation report was commissioned by the Company in respect of the Sale Shares. The book value of the Sale Shares and the Shareholders' Loan as on 31 May 2012 is approximately S\$17 million.

6. **USE OF PROCEEDS**

LB Land will utilise 67% of the Disposal Consideration towards the payment for purchase of Properties. Please refer to Section (C) of this Announcement for further details.

LB Land will utilise 33% of the Disposal Consideration towards the repayment of outstanding shareholder loans granted by its shareholder to Tan Jer Kiat.

7. **NET LOSS ATTRIBUTABLE TO SHARES SOLD**

Based on the unaudited financial statements of Emerald as on 31 May 2012, the net loss attributable to the Sale Shares is S\$0.5 million. There is no profit or loss on the Disposal after taking into account the provision of impairment loss for the investment in Emerald.

8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The Disposal is governed by the rules of Chapter 10 of the Listing Manual. The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Basis		
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Based on the audited financial statements of the Group for the period ended 31 May 2012, the net asset value of the Sale Shares being disposed of being approximately S\$9.3 million represents approximately 4.0% of the Group's net asset value of approximately S\$232.2 million.
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Based on the audited financial statements of the Group for the period ended 31 May 2012, the net loss attributable to the Sale Shares being disposed of was approximately S\$0.5 million which represents approximately (1.0)% of the Group's net profit of approximately S\$51.8 million for the year ended 31 May 2012.
(c)	The aggregate value of the consideration given or received, compared with the group's market capitalisation	The Disposal Consideration of approximately S\$17.0 million represents 7.6% of the Company's market capitalisation of approximately S\$222.5 million as at 12 September 2012 (the market day preceding the date the SPA is executed).
(d)	The number of equity securities issued by the group as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.

9. FINANCIAL EFFECTS OF THE DISPOSAL

The financial effects of the Disposal set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Disposal. The financial effects set out below are based on the audited consolidated financial statements of the Group for the financial year ended 31 May 2012.

9.1 Share Capital

As the Disposal does not involve the issue and allotment of any new shares, the Disposal will not have any impact on the share capital of the Group.

9.2 Net Tangible Assets ("NTA")

Assuming that the Disposal had been effected as at the Company's latest audited financial year ended 31 May 2012, the financial effects to the NTA are as follows:

	Before Disposal	After Disposal
NTA per Share (cents)	43.84	44.07

Note:

- (1) Net tangible asset value per ordinary share was calculated based on the number of shares in issue of 529,760,000 ordinary shares.

9.3 Earnings Per Share (“EPS”)

Assuming that the Disposal had been effected on 1 June 2011 (at the beginning of the Company’s latest completed financial year), the financial effects to the EPS are as follows:

	Before Disposal	After Disposal
EPS (cents)	9.83	10.06

Note:

(1) EPS was computed based on number of shares in issue of 529,760,000 ordinary shares.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Disposal.

11. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the Company’s registered office at 29 Harrison Road, Lian Beng Building, Singapore 369648 for three months from the date of this Announcement.

(B) ACQUISITION OF REMAINING SHAREHOLDING INTEREST IN SUBSIDIARY

The Board of Directors wishes to announce that the Company had on 13 September 2012 entered into a sale and purchase agreement (“Agreement”) to acquire 33 ordinary shares, representing approximately 33% shareholding interest in the capital of LB Land for a purchase consideration of S\$33 from Tan Jer Kiat (“Share Acquisition”).

The completion of the Agreement (“Completion”) has taken place on 13 September 2012. Upon Completion, LB Land had become a wholly-owned subsidiary of the Company.

The purchase consideration of S\$33 was arrived on a willing buyer willing seller basis, which has taken into account the book value of the 33 ordinary shares and was paid in cash by the Company to Tan Jer Kiat. The book value of 33 ordinary shares of LB Land as at the date of this announcement is S\$33.

The Share Acquisition is part of the transactions to enable the Company to recover its investment in and shareholders’ loan granted to Emerald as described in Paragraph 3 of Section (A) of this Announcement.

The Share Acquisition is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 May 2013.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Share Acquisition.

(C) ACQUISITION OF PROPERTIES BY LB LAND PTE. LTD.

1. INTRODUCTION

In connection with the Disposal, Emerald has granted options to purchase (“Options”) to LB Land and/or its nominees for the acquisition of the Properties from Emerald (“Properties Acquisition”).

On 13 September 2012, LB Land has been granted the Option for the properties at #03-03 and #05-02 in 111 Emerald Hill (“Two Properties”). LB Land has also nominated three third party buyers as the grantee of the Options for the properties at #07-03, #07-04 and #08-04 in 111 Emerald Hill.

2. INFORMATION ON THE TWO PROPERTIES

The Two Properties are two units in the residential development known as 111, Emerald Hill, Emerald Hill Road, Singapore, details of which are as follows:-

Unit number	Area (Square Feet)
#03-03	1,970
#05-02	2,411

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3. PURCHASE CONSIDERATION

The aggregate purchase consideration for the purchase of Two Properties is S\$10.6 million (“Purchase Consideration”). The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis and the terms were commercially negotiated.

The Purchase Consideration will be satisfied in the following manner:

- (a) an option fee of S\$0.5 million (being 5% of the Purchase Consideration) will be paid by the Company to the Emerald on the grant of the Option;
- (b) a balance deposit of S\$1.59 million (being 15% of the Purchase Consideration) will be paid to the Emerald on the exercise of the Option; and
- (c) the balance of the Purchase Consideration of S\$8.48 million (being 80% of the Purchase Consideration) will be paid upon completion of the Properties Acquisition.

4. RATIONALE

The acquisition of the Two Properties is part of the transactions to enable the Company to recover its investment in and shareholders’ loan granted to Emerald as described in Paragraph 3 of Section (A) of this Announcement.

The Company views the purchase of the Two Properties by LB Land as an investment opportunity with a view for its potential long-term capital appreciation and rental yield.

5. MATERIAL CONDITIONS

The Two Properties are sold subject to the customary terms and conditions contained in the sale and purchase agreements to be entered between LB Land and Emerald in relation to the Two Properties.

6. SOURCE OF FUNDS

The Company will be financing the purchase of the Two Properties from the proceeds received from the Disposal referred to in Section (A) of this Announcement.

7. FINANCIAL EFFECTS

The purchase of the Properties is not expected to have any material impact on the financial performance of the Company and its subsidiaries for the current financial year. Based on the Company's audited consolidated financial statements for the financial year ended 31 May 2012, the financial effect on the Group's earnings and net tangible assets per share will not be material.

8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the purchase of Properties computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

1006 (a)	Net Asset Value Test	Not applicable as this transaction is an acquisition and not a disposal of assets.
1006 (b)	Profits Test	Not applicable as there are no net profits attributable to the Properties.
1006 (c)	Consideration Test	The Purchase Consideration of S\$10.6 million represents approximately 4.76% of the Company's market capitalisation of approximately S\$222.5 million as at 12 September 2012, being the market day preceding the date of the execution of the Option.
1006 (d)	Equity Securities Test	Not applicable as no equity securities are to be issued as consideration for the purchase of the Properties.

Having regard to the above, the purchase of the Properties is a "Non-Discloseable Transaction" under Rule 1010 of the Listing Manual.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the purchase of the Two Properties.

10. DOCUMENTS FOR INSPECTION

A copy of the Options is available for inspection at the registered office of the Company at 29 Harrison Road, Singapore 369648 for 3 months from the date of this Announcement.

BY ORDER OF THE BOARD

Ong Pang Aik
Chairman and Managing Director
13 September 2012