

CIRCULAR DATED 15 JANUARY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Circular (as defined herein) or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Lian Beng Group Ltd (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of EGM (as defined herein) and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of EGM to be sent to the purchaser or transferee. If you have sold or transferred your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of EGM and the attached Proxy Form to the purchaser or the 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 Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

This Circular does not constitute, and is not intended to be, an offer or an initial public offering or a notice, circular or advertisement calling or drawing attention to an offer or an initial public offering to the public to subscribe for and/or purchase any shares or a statement intended to induce any person to apply for any shares in the Proposed Listing (as defined herein).



聯明集團有限公司

LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)

(Company Registration Number: 199802527Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED MATERIAL DILUTION OF 20% OR MORE OF THE COMPANY’S SHAREHOLDING INTEREST IN LBD HOLDING PTE. LTD., WHICH WILL BE A PRINCIPAL SUBSIDIARY OF THE COMPANY, PURSUANT TO THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	28 January 2018 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	30 January 2018 at 10.00 a.m.
Place of Extraordinary General Meeting	:	29 Harrison Road, Lian Beng Building, Singapore 369648

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DEFINITIONS

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

“1Q2018”	:	The three month period ended 31 August 2017
“Board” or “Directors”	:	The board of Directors of the Company as at the Latest Practicable Date
“Catalist”	:	The SGX-ST sponsor-supervised listing platform
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 15 January 2018 in relation to the Proposed Material Dilution
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
“Company”	:	Lian Beng Group Ltd
“EGM”	:	The extraordinary general meeting of the Company to be convened and held on 30 January 2018 at 10.00 a.m., notice of which is set out on page 27 of this Circular
“EPS”	:	Earnings per Share
“FY”	:	Financial year of the Company ended or ending 31 May (as the case may be)
“Latest Practicable Date”	:	9 January 2018, being the latest practicable date prior to the printing of this Circular
“LBD”	:	LBD Holding Pte. Ltd., the wholly-owned subsidiary of the Company incorporated for the purposes of the Proposed Spin-Off and Proposed Listing
“LBD Board”	:	The board of directors of LBD
“LBD Group”	:	LBD and such companies to be organised as its subsidiaries, joint ventures and associated companies as set out in section 2.2 of this Circular, pursuant to the Restructuring
“LBD Shares”	:	Ordinary shares in the capital of LBD
“Lian Beng Group”	:	The Company, its subsidiaries, joint ventures and associated companies, including the LBD Group unless specifically stated otherwise
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, varied or supplemented from time to time
“Listing Rules”	:	The rules governing the listing of securities on the SGX-ST, as may be amended, varied or supplemented from time to time
“NAV”	:	Net asset value

DEFINITIONS

- “New Lian Beng Group”** : The Lian Beng Group (excluding the LBD Group) after the Restructuring and the Proposed Spin-Off
- “NTA”** : Net tangible assets excluding non-controlling interest
- “Offer Price”** : The issue price for each Offer Share, to be determined by the Company and its advisers for the Proposed Listing at a later date
- “Offer Shares”** : The LBD Shares proposed to be offered to the public for subscription and/or placed by the placement agent, where applicable, pursuant to the Proposed Listing
- “Property Development Business”** : The business segment of the Lian Beng Group in respect of:
- (i) the acquisition and/or development of land;
 - (ii) the redevelopment of existing buildings into newly built properties; and
 - (iii) the redevelopment of existing buildings by increasing gross floor area,
- for the purposes of increasing the capital value and realising the increased capital value from the sale of such properties.
- “Proposed Listing”** : The proposed listing of LBD and quotation of the LBD Shares on the Catalist of the SGX-ST pursuant to the proposed initial public offering of the Offer Shares
- “Proposed Material Dilution”** : The proposed material dilution of the Company’s shareholding interest in LBD pursuant to the Proposed Listing
- “Proposed Spin-Off”** : The proposed spin-off of the Property Development Business via the Proposed Listing
- “Proxy Form”** : The proxy forms in respect of the EGM as set out in this Circular
- “Restructuring”** : The proposed restructuring of the Lian Beng Group to be implemented in preparation for the Proposed Spin-Off and Proposed Listing pursuant to which LBD will become the holding company of the LBD Group, details of which are set out in section 2.2 of this Circular
- “Securities Account”** : The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
- “SFA”** : The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, varied or supplemented from time to time
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “Shareholders”** : The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
- “Shares”** : Fully paid ordinary shares in the capital of the Company

DEFINITIONS

- “Singapore”** : The Republic of Singapore
- “Substantial Shareholder”** : A person who has an interest or interests in one (1) or more voting shares in the Company, and the votes attached to that share, or those shares, is not less than 5.0% of the total votes attached to all the voting Shares in the Company

Currencies, Units and Others

- “S\$” or “cents”** : Singapore dollars and cents, respectively
- “%” or “per cent.”** : Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term **“subsidiary”** shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, 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 SFA, the Listing Manual or any modification thereof, as the case may be.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

LIAN BENG GROUP LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

Directors

Ong Pang Aik (Chairman and Managing Director)
Ong Lay Huan (Executive Director)
Ong Lay Koon (Executive Director)
Low Beng Tin (Independent Director)
Ko Chuan Aun (Independent Director)
Ang Chun Giap (Independent Director)

Registered Office

29 Harrison Road
Lian Beng Building
Singapore 369648

15 January 2018

To: The Shareholders of Lian Beng Group Ltd

Dear Sir/Madam

THE PROPOSED MATERIAL DILUTION OF 20% OR MORE OF THE COMPANY'S SHAREHOLDING INTEREST IN LBD HOLDING PTE. LTD., WHICH WILL BE A PRINCIPAL SUBSIDIARY OF THE COMPANY, PURSUANT TO THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING

1. INTRODUCTION

1.1 Summary

On 12 October 2017, the Board announced that the Company intends to seek a spin-off of its Property Development Business via the proposed listing of LBD, the wholly-owned subsidiary of the Company incorporated for the purposes of the Proposed Spin-Off and Proposed Listing on the Catalist Board of the SGX-ST. The Company believes that the Proposed Spin-Off and Proposed Listing will, *inter alia*, provide a transparent valuation to benchmark the Property Development Business, allow the Property Development Business to be financially independent and raise its required funds without being overly reliant on financing from the Lian Beng Group, and allow the senior management personnel of each group to focus their attention on their assigned business segments and deliver the best possible value to the respective shareholders.

In connection with the Proposed Spin-Off and Proposed Listing, the Company intends to undertake the Restructuring whereby LBD will acquire and hold the ordinary shares of the Company's subsidiaries, joint ventures and associated companies that currently undertake the Property Development Business, as set out in Appendix A of this Circular.

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The Company currently holds 100% shareholding interest in LBD. The Company's shareholdings in the respective entities to be spun-off are as set out in the LBD Group structure in Appendix B of this Circular. The consideration for LBD's acquisition of the LBD Group subsidiaries, joint ventures and associated companies to effect the Restructuring will be based on the NAV of the specific company, or where in the situation that the NAV of the specific company is negative, a nominal sum. Upon completion of the Restructuring, it is expected that the Company will hold 100% of the issued and paid up share capital of LBD.

To meet the requirements for a listing on the Catalist of the SGX-ST under the Listing Rules, LBD will be required to issue such number of new LBD Shares and/or sell existing LBD Shares to achieve a public float of not less than 15% of its enlarged issued shares immediately after the Proposed Listing. Notwithstanding this, it is the Company's intention for LBD to remain as its subsidiary following the Proposed Listing.

As LBD will be considered a principal subsidiary of the Company following the Restructuring, and it is intended that the Proposed Listing will reduce the Company's shareholding interest in LBD by at least 20%, the Directors are convening the EGM to be held on 30 January 2018 at 10.00 a.m. (or any adjournment thereof) to seek the approval of Shareholders for the Proposed Material Dilution.

1.2 Ordinary Resolution – The Proposed Material Dilution

Under the proposed offer structure of the Proposed Listing, LBD will be issuing new LBD Shares. Although the relevant details of the Proposed Material Dilution have not been concluded and determined as the Proposed Listing is still at its initial stage of preparation, it is the Company's intention for LBD to remain as its subsidiary and accordingly, the Company intends for its shareholding interest in LBD to be maintained at not less than 51% immediately after the Proposed Listing. As at the Latest Practicable Date, the Company envisions dilution of approximately 20-30% from its shareholding interest of 100% in LBD resulting from the Proposed Listing.

As at the Latest Practicable Date, the Company does not intend to dispose of any of its LBD Shares through a vendor sale at the Proposed Listing.

It should be noted that the extent of percentage dilution of the Company's shareholding interest in LBD has not been finalised as it is subject to, *inter alia*, prevailing market conditions at the time of the Proposed Listing.

Rule 805(2)(b) of the Listing Manual states that an issuer must obtain the prior approval of its shareholders in a general meeting if a principal subsidiary of an issuer issues shares that will or may result in a percentage reduction of 20% or more of the issuer's equity interest in the principal subsidiary.

Accordingly, the approval of Shareholders by way of an ordinary resolution is sought for the Proposed Material Dilution.

LETTER TO SHAREHOLDERS

1.3 Approval of the SGX-ST

On 12 October 2017, the Company announced that it had received the letter from the SGX-ST in response to the enquiry by the Company regarding whether the Proposed Spin-Off and Proposed Listing of the Company's Property Development Business comply with the chain listing requirements under Rule 210(6) of the Listing Manual. Based on the Company's submissions and representations made to the SGX-ST, the SGX-ST has advised that it has no objection that the Proposed Spin-Off does not amount to a chain listing under Rule 210(6) of the Listing Manual. The SGX-ST however, reserves the right to amend and/or vary the above decision and such decision is subject to changes in the SGX-ST's policies.

1.4 Purpose of the Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Material Dilution, and to seek Shareholders' approval in respect of the same at the EGM, the notice of which is set out on page 27 of this Circular.

This Circular does not constitute, and is not intended to be a notice, circular, advertisement or invitation, inviting applications to, or offers from, the public to subscribe for or purchase, or offering to the public for subscription or purchase of, any shares or securities.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

Whilst the information and terms set out in this Circular relating to the Proposed Listing referred to in this Circular are, to the best knowledge and belief of the Directors, true and accurate as at the Latest Practicable Date, such information or terms may be subject to further amendments or modifications pending finalisation of the same prior to the issue of the offer document to be issued in connection with the Proposed Listing.

Shareholders should note that the Proposed Spin-Off and Proposed Listing are subject to, *inter alia*, the approval of the SGX-ST for LBD's listing application, the final decision of the Board as well as the market conditions prevailing at the time immediately before the Proposed Spin-Off and Proposed Listing. Depending on market conditions then prevailing, the Directors and the directors of LBD may decide not to proceed with the Proposed Spin-Off and Proposed Listing. As the Proposed Spin-Off, the Proposed Listing and the Proposed Material Dilution may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

2. INFORMATION ON LIAN BENG GROUP AND LBD GROUP

2.1 Lian Beng Group

The Company is a public company listed on the Main Board of the SGX-ST on 15 April 1999. Lian Beng Group is one of Singapore's major home-grown main contractors with integrated civil engineering, engineering and construction support service capabilities. The Lian Beng Group is engaged in building construction and civil engineering activities in the public and private sector, and has also diversified beyond construction-related businesses into property development, investment holding and dormitory businesses.

LETTER TO SHAREHOLDERS

As a Building and Construction Authority (BCA) Grade A1 contractor in General Building, Lian Beng Group is allowed to tender for and undertake public sector building projects of unlimited contract value, while its A2 grade in Civil Engineering with BCA enables it to tender for and undertake engineering projects of up to S\$85 million in contract value. Based on years of experience and impeccable track record, Lian Beng Group has established a reputation in managing large-scale and complex construction projects, and is an active player in Singapore's building industry in the public and private residential, institutional, industrial and commercial sectors.

Lian Beng Group also engages in other construction-related activities such as the provision of scaffolding and engineering works, manufacture and supply of ready-mix concrete and asphalt premix, leasing of equipment and machinery.

Lian Beng Group's construction capabilities has enabled it to branch into property development of residential, mixed-use, industrial and commercial properties, mostly through joint ventures and associated companies. Some of its property development projects include Lincoln Suites, M-Space, Spottiswoode Suites, The Midtown & Midtown Residences, NEWest, KAP & KAP Residences, Eco-tech @ Sunview and Hexacube. The Lian Beng Group has also developed and presently operates two workers' dormitories at Mandai Estate and Jalan Papan respectively. Excluding the initial ramping up period, both dormitories have been consistently operating above 90% occupancy rates. In addition, Lian Beng Group also has a portfolio of property investment projects both locally and overseas in Australia and the United Kingdom.

The investment holding segment of Lian Beng Group comprises primarily of (a) investments in commercial, industrial, hospitality properties, as well as individual residential and commercial units; and (b) investments in quoted and unquoted securities.

The current Lian Beng Group structure is set out in Appendix A to this Circular while the structure of the LBD Group immediately upon completion of the Restructuring is set out in Appendix B to this Circular.

2.2 The LBD Group

LBD was incorporated in Singapore on 17 October 2017 and is principally engaged in the business of investment holding. As at the Latest Practicable Date, the issued and paid-up share capital of LBD was S\$10 comprising 10 ordinary shares.

As at the Latest Practicable Date, LBD has no outstanding instruments convertible into, rights to subscribe for, or options in respect of, LBD Shares.

In connection with, and prior to, the Proposed Spin-Off and Proposed Listing, the Company intends to undertake the Restructuring whereby LBD will acquire and hold the ordinary shares of the Company's subsidiaries, joint ventures and associated companies that currently undertake the Property Development Business, as set out in the table below. As at the Latest Practicable Date, the details of the subsidiaries, joint ventures and associated companies which will be spun-off and reorganised as subsidiaries, joint ventures and associated companies of LBD pursuant to the Restructuring are as follows:

LETTER TO SHAREHOLDERS

Name of Company	Date and place of incorporation	Effective interest owned by LBD assuming completion of the Restructuring	Principal activity / principal place of business
Smooth Venture Pte Ltd	18 November 1998 Singapore	100%	Property investment holding / Singapore
Goldprime Investment Pte. Ltd.	9 May 2008 Singapore	100%	Investment holding / Singapore
Lian Beng Land Pte. Ltd.	2 December 2010 Singapore	100%	Investment holding / Singapore
Oxley Viva Pte. Ltd.	14 March 2011 Singapore	10%	Property developer / Singapore
Oxley YCK Pte. Ltd.	14 March 2011 Singapore	10%	Property developer / Singapore
Oxley-Lian Beng Pte. Ltd.	28 October 2011 Singapore	50%	Property developer / Singapore
Spottiswoode Development Pte. Ltd.	14 November 2011 Singapore	50%	Property developer / Singapore
Luxe Development Pte. Ltd.	31 January 2012 Singapore	100%	Investment holding / Singapore
Oxley Sanctuary Pte. Ltd.	27 March 2012 Singapore	15%	Property developer / Singapore
Action Property Pte. Ltd.	25 September 2012 Singapore	19%	Property developer / Singapore
Starview Investment Pte. Ltd.	29 October 2012 Singapore	100%	Investment holding / Singapore
Wealth Development Pte. Ltd.	6 February 2013 Singapore	40%	Property developer / Singapore
Wealth Property Pte. Ltd.	11 July 2013 Singapore	65%	Property developer / Singapore
Lian Beng (China) Pte. Ltd.	8 November 2013 Singapore	100%	Property developer and investment holding / Singapore

LETTER TO SHAREHOLDERS

Name of Company	Date and place of incorporation	Effective interest owned by LBD assuming completion of the Restructuring	Principal activity / principal place of business
KAP Holdings (China) Pte. Ltd.	19 November 2013 Singapore	20%	Investment holding / Singapore
Goldprime Land Pte. Ltd.	1 October 2014 Singapore	51%	Property developer / Singapore
Rio Casa Venture Pte. Ltd.	8 December 2015 Singapore	20%	Property developer / Singapore
Wellprime Pte. Ltd.	31 May 2017 Singapore	100%	Property developer / Singapore
Lian Beng (Serangoon) Pte. Ltd.	26 July 2017 Singapore	100%	Investment holding / Singapore
Oxley Serangoon Pte. Ltd.	25 July 2017 Singapore	20%	Property developer / Singapore
LBD (GL) Pte. Ltd.	14 November 2017 Singapore	100%	Property developer / Singapore
Development 24 Pte. Ltd.	17 October 2017 Singapore	42%	Property developer / Singapore
阿尔伯特园置业有限公司	13 March 2014 PRC	10%	Real estate development / PRC

Unless otherwise stated, reference to the LBD Group hereinafter will be on the assumption and basis that the Restructuring has been completed.

Under the Listing Manual, a subsidiary of the issuer is considered a “**principal subsidiary**” if its latest audited consolidated pre-tax profits (excluding the minority interest relating to that subsidiary, exceptional and extraordinary items) as compared with the latest audited consolidated pre-tax profits of the group (excluding the minority interest relating to that subsidiary, exceptional and extraordinary items) accounts for 20% or more of such pre-tax profits of the group. Following the completion of the Restructuring, the LBD Group is expected to contribute more than 20% of the latest audited consolidated pre-tax profits of Lian Beng Group, and LBD will become a principal subsidiary of the Company (as defined in the Listing Manual). Please refer to Section 4.7.1 of this Circular for a summary of the financial information of the Lian Beng Group and the LBD Group for FY2015 to FY2017.

LETTER TO SHAREHOLDERS

2.3 Principal activities of the LBD Group

Following the Restructuring, it is the intention of the Company for the LBD Group to continue focusing on the Property Development Business.

The Property Development Business primarily involves the acquisition and/or development of land, the redevelopment of existing buildings into newly built properties, and the redevelopment of existing buildings by increasing the gross floor area, for the purposes of increasing the capital value and realising the increased capital value through the sale of such properties.

Details of the LBD Group's property development projects completed between FY2015 and the Latest Practicable Date (assuming that the Restructuring had been completed at the relevant time) are set out as follows:

Development Name	Location	Description	Effective interest held by our Group (%)
Hexacube	160 Changi Road	Commercial with retail and office units	40
Mandai Foodlink	5 Mandai Link	Industrial	65
Spottiswoode Suites	16 Spottiswoode Park Road	Residential	50
The Midtown & Midtown Residences	1187 and 1189 Upper Serangoon Road	Mixed development (residential and commercial units)	50
NEWest	1 and 3 West Coast Drive	Mixed development (residential and commercial units)	10
Floravista, Floraview and Floraville	1,3,5,7 Ang Mo Kio Street 66 and 2 Cactus Road	Mixed development (residential and commercial units)	10
KAP & KAP Residences	9 and 11 King Albert Park	Mixed development (residential and commercial units)	15
Eco-tech @ Sunview	1 Sunview Road	Industrial	19

LETTER TO SHAREHOLDERS

Details of the LBD Group's ongoing property development projects as at the Latest Practicable Date (assuming that the Restructuring has been completed) are set out as follows:

Development Name	Location	Description	Effective interest held by our Group (%)	Status
T-Space @ Tampines	Tampines North Drive 1	Industrial	51	Ongoing ⁽¹⁾
Khong Guan Industrial Building	20 Mactaggart Road	Industrial	100 ⁽²⁾	Planning stage
–	50 Lorong 21 Geylang	Industrial	100 ⁽²⁾	Planning stage
Serangoon Ville	128-134 Serangoon North Avenue 1 ⁽³⁾	Residential	20	Planning stage
Rio Casa	344-350 Hougang Avenue 7 ⁽³⁾	Residential	20	Planning stage
Sino-Singapore Health City	Gaobeidian, Hebei, PRC	Mixed development (residential and commercial units)	10	Planning stage
–	31 to 51 Lorong 24 Geylang ⁽³⁾	Residential	42	Planning stage

Notes:

- (1) The estimated date for obtaining the temporary occupation permit for this project is August 2018.
- (2) This project is undertaken by LBD's wholly-owned subsidiary.
- (3) The LBD Group has been awarded the tender or exercised the option to purchase to acquire these properties (as the case may be) and is in the midst of the completion process.

2.4 Proposed management and directors of the LBD Group

2.4.1 Management of the LBD Group

Following the Proposed Listing, it is the intention of the Company that the LBD Group will be managed by a management team that is separate and independent from the management team of the New Lian Beng Group with separate operational, financial and accounting teams, and work force. The existing key management of the Property Development Business of Lian Beng Group will continue to be the key management for the LBD Group.

LETTER TO SHAREHOLDERS

2.4.2 Board composition

It is currently envisaged that the LBD Board will comprise of four to five directors, being one executive director, one non-executive director and two to three independent directors as required under the Listing Rules.

To facilitate effective management of LBD, it is proposed for:

- (a) Mr Ong Eng Keong to be appointed as executive director and chief executive officer of LBD, whose actions will be reported to and monitored by the LBD Board;
- (b) The Company's Executive Director, Ms Ong Lay Koon to be appointed as Non-Independent Non-Executive Chairperson of LBD; and
- (c) All the independent director(s) to be nominated by LBD.

In order to mitigate any potential conflict of interests, no director or executive officer shall hold executive roles in both the New Lian Beng Group and the LBD Group.

The Board and management team of the Company and LBD following the proposed spin-off is envisaged to be as follows:

LIAN BENG GROUP LTD

Position	Before the Proposed Spin-Off	After the Proposed Spin-Off
<i>Board of Directors</i>		
Chairman and Managing Director	Ong Pang Aik ^{(1), (2)}	Ong Pang Aik
Executive Director	Ong Lay Huan ^{(1), (2)}	Ong Lay Huan
Executive Director	Ong Lay Koon ^{(1), (2)}	Ong Lay Koon
Independent Director	Low Beng Tin	Low Beng Tin
Independent Director	Ko Chuan Aun	Ko Chuan Aun
Independent Director	Ang Chun Giap	Ang Chun Giap
<i>Other management</i>		
Plant & Machinery Director	Ong Phang Hui ^{(1), (2)}	Ong Phang Hui
Project Director	Ong Phang Hoo ^{(1), (2)}	Ong Phang Hoo
Construction Director	Jeffrey Teo Wee Jin	Jeffrey Teo Wee Jin
Purchasing Director	Ong Lee Yap ^{(1), (2)}	Ong Lee Yap
Project Director	Than King Huat	Than King Huat
Senior Construction Manager	Ho Chee Siong	Ho Chee Siong
Director of Sinmix Pte Ltd	Goh Teck Ann	Goh Teck Ann
Financial Controller	Chew Teow Leong	Chew Teow Leong

LETTER TO SHAREHOLDERS

LBD

Position	Before the Proposed Spin-Off	After the Proposed Spin-Off
<i>LBD Board of Directors</i>		
Non-Independent Non-Executive Chairperson	–	Ong Lay Koon ^{(1), (2)}
Executive Director and Chief Executive Officer	–	Ong Eng Keong ⁽²⁾
Independent Director	–	To be appointed
Independent Director	–	To be appointed
Independent Director	–	To be appointed
<i>Other management</i>		
Chief Financial Officer	–	Cheong Chee Kuan
General Manager	–	Lawrence Lee Hun Lin
Sales and Marketing Manager	–	Chong Su Hui, Joanna
Development Manager	–	Tiny

Notes:

- (1) Ong Pang Aik, Ong Lay Huan, Ong Phang Hoo, Ong Phang Hui and Ong Lee Yap are the siblings of Ong Lay Koon.
- (2) Ong Eng Keong is the son of Ong Pang Aik and the nephew of Ong Lay Huan, Ong Phang Hoo, Ong Phang Hui, Ong Lee Yap and Ong Lay Koon.

Save as disclosed above, there is no other director who is proposed to be appointed to the Company or LBD in connection with the Proposed Spin-Off and Proposed Listing.

2.5 Financial information of the LBD Group

The summary financial information of the LBD Group set out below has been prepared based on the unaudited combined financial statements of LBD Group and on the assumption that the structure of the LBD Group had been in place throughout the respective financial year:

Summary of financial performance (S\$ million)⁽¹⁾

	FY2016	FY2017
Revenue	–	87.6
Gross profit	–	14.9
Profit before income tax	68.9	20.2
Profit for the year	68.9	19.3

LETTER TO SHAREHOLDERS

Summary of financial position (S\$ million)⁽¹⁾

	As at 31 May 2016	As at 31 May 2017
Total non-current assets	107.6	71.0
Total current assets	228.6	245.5
Total current liabilities	153.9	158.5
Total non-current liabilities	77.5	96.7
Net assets / Total equity	104.8	61.3

Note:

- (1) The financial information are subjected to audit and will be subsequently disclosed in the offer document to be issued by LBD in connection with the Proposed Listing.

The LBD Group did not recognise any revenue and gross profit in FY2016 as revenue is recognised using the completion of contract method for industrial projects undertaken by its subsidiaries. The profit in FY2016 was derived mainly from its property development activities carried out by joint ventures and associated companies. The LBD Group's subsidiaries began to recognise revenue from property development in FY2017.

The decrease in the LBD Group's profits in FY2017 from FY2016 was mainly due to the completion of the development projects undertaken by the Group's joint ventures and associated companies, namely, NEWest and The Midtown & Midtown Residences in FY2016. The decrease in the LBD Group's net assets in FY2017 from FY2016 was mainly due to dividend payments made by LBD's subsidiaries to the Company.

2.6 Non-compete undertaking

To mitigate any potential conflicts of interest between the LBD Group and the New Lian Beng Group, the Company intends to enter into a non-compete undertaking with LBD ("**Non-compete Undertaking**"). Under the Non-compete Undertaking, the Company undertakes to LBD that for so long as the Company remains a controlling shareholder of LBD, and for as long as LBD remains listed on the Catalist or Main Board of the SGX-ST, the Company: (i) shall not; (ii) shall procure its subsidiaries within the New Lian Beng Group not to; and (iii) shall use its best endeavours to procure its associated companies within the New Lian Beng Group not to, whether directly or indirectly, engage in, carry on (whether alone or in partnership or joint venture with anyone else) or otherwise be interested in (whether as trustee, principal, agent, shareholder, unitholder or in any other capacity) any business in Singapore or elsewhere which is in competition with or similar to the Property Development Business of LBD and its subsidiaries.

Notwithstanding anything to the contrary contained in the Non-Compete Undertaking, the above prohibitions shall not apply in respect of: (i) any development of workers' dormitories predominantly for New Lian Beng Group's own use; (ii) the holding, for investment purposes, of a shareholding interest not exceeding 5.0% in quoted or unquoted securities of companies engaged in Property Development Business; and (iii) the acquisition and refurbishment of commercial, industrial and hospitality properties for investment purposes with a view to derive recurring income or capital gain.

LETTER TO SHAREHOLDERS

2.7 Restrictions on disposal of the LBD Shares

As at the Latest Practicable Date, the Company intends to own approximately 70-80% of the enlarged issued and paid-up shares of LBD immediately following the Proposed Spin-Off and Proposed Listing. Pursuant to the requirements of the Listing Rules and to demonstrate its commitment to LBD, the Company, being the controlling shareholder of LBD, will be required to undertake not to:

- (i) during the period of six (6) months commencing from the date of admission of LBD to the Catalist of the SGX-ST, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, lend, pledge, grant any option, warrant or right to purchase, grant any security over, encumber or otherwise dispose of, all or any part of the shares of LBD which are beneficially owned by the Company immediately after the Proposed Listing; and
- (ii) in the period of six (6) months commencing from the date on which the period referred to in paragraph (i) above expires, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, lend, pledge, grant any option, warrant or right to purchase, grant any security over, encumber or otherwise dispose of, more than 50% of the shares of LBD which are beneficially owned by the Company immediately after the Proposed Listing.

As at the Latest Practicable Date, it is the intention of the Company not to sell any existing LBD Shares at the Proposed Listing, pursuant to the requirements of the Listing Rules and to demonstrate its commitment to LBD.

3. THE PROPOSED MATERIAL DILUTION

3.1 The Proposed Material Dilution

Under the proposed offer structure of the Proposed Listing, LBD will be required to issue new LBD Shares, and as at the Latest Practicable Date, the Company envisions dilution of approximately 20-30% from its shareholding interest of 100% in LBD resulting from the Proposed Spin-Off and Proposed Listing.

It should be noted that the extent of percentage dilution of the Company's shareholding interest in LBD has not been finalised as it is subject to, *inter alia*, prevailing market conditions at the time of the Proposed Listing.

Rule 805(2)(b) of the Listing Manual states that an issuer must obtain the prior approval of its shareholders in a general meeting if a principal subsidiary of an issuer issues shares that will or may result in a percentage reduction of 20% or more of the issuer's equity interest in the principal subsidiary.

The Proposed Spin-Off and Proposed Listing, if proceeded with on the basis described above, will constitute a material dilution of the Company's shareholding interest in LBD, which will be a principal subsidiary of the Company upon completion of the Restructuring, as it will result in the Company's shareholding interest in LBD being diluted by approximately 20-30% from its shareholding interest of 100% prior to the Proposed Spin-Off and Proposed Listing.

As at the Latest Practicable Date, the proposed offer structure and the expected timetable of the Proposed Listing have not been finalised. As such, it is possible that the actual percentage reduction of the Company's shareholding interest in LBD immediately following the completion of the Proposed Listing may not constitute a material dilution within the meaning of Rule 805(2)(b) of the Listing Manual.

LETTER TO SHAREHOLDERS

However, in the event that the Proposed Listing results in a percentage reduction of at least 20% of the Company's shareholding interest in LBD, such percentage reduction of shareholding interest will constitute a material dilution within the meaning of Rule 805(2)(b) of the Listing Manual.

Accordingly, the Proposed Material Dilution will be subject to the approval of the Shareholders.

3.2 Important notice

As at the Latest Practicable Date, the relevant details of the Proposed Material Dilution have not been concluded and determined as the Proposed Listing is still at its initial stage of preparation. Notwithstanding so, it is the Company's intention for LBD to remain as its subsidiary and accordingly, the Company intends for its shareholding interest in LBD to be maintained at not less than 51% immediately after the Proposed Listing.

It should be noted that the extent of percentage reduction of the Company's shareholding interest in LBD has not been determined as at the Latest Practicable Date. It is possible that the actual percentage reduction of the Company's shareholding interest in LBD immediately following the completion of the Proposed Listing may not constitute a material dilution within the meaning of Rule 805(2)(b). However, to remove any uncertainty and to give the Company and LBD maximum flexibility to decide on the Offer Price and offer size, the Company is seeking Shareholders' approval to the Proposed Material Dilution.

Any indicative Offer Price, percentage of dilution and percentage of disposal used in this Circular in relation to the Proposed Listing is strictly for illustration purposes only and should not be taken to be in any way as a statement or indication of the expected, forecast or actual Offer Price, percentage of dilution and percentage of disposal. These details will be determined by the Directors and/or the directors of LBD, in due course, in consultation with the Company's advisers for the Proposed Listing, closer to the date of the Proposed Listing through a book-building process, after taking into consideration, *inter alia*, the then prevailing market conditions and the estimated market demand for the Offer Shares. Accordingly, there is no assurance that the actual Offer Price, percentage of dilution and percentage of disposal will not vary from the illustration used in this Circular. The Company will make an announcement at the appropriate stage *via* SGXNET when the relevant details of the Proposed Material Dilution are finalised and published.

4. INFORMATION ON THE PROPOSED LISTING

4.1 The structure of the Proposed Listing

The Proposed Listing will involve the offer and issue of such number of new LBD Shares, which as at the latest Practicable Date will represent approximately 20-30% of LBD's enlarged issued and paid-up share capital immediately after the Proposed Listing.

The Offer Shares are expected to be offered through a combination of placement to professional, institutional and individual investors and offer to members of the public in Singapore. The Company expects to enter into underwriting arrangements with regards to the Proposed Listing.

It is envisaged that while the Company's shareholding interest in LBD will be diluted following completion of the Proposed Listing, the Company intends for its shareholding interest in LBD to be maintained at not less than 51% immediately after the Proposed Listing and will continue to remain as a controlling shareholder of LBD. LBD will remain as a subsidiary of the Company and its financial results will continue to be consolidated into the Lian Beng Group's results.

LETTER TO SHAREHOLDERS

4.2 Rationale for the Proposed Listing

LBD will own and operate the Property Development Business following the Restructuring. The Proposed Listing will enable LBD to strengthen the growth of its Property Development Business. By creating a separate listed entity, the Property Development Business will have additional financial capacity and direct access to capital markets.

The Directors believe that the Proposed Listing is in the interests of the Company and the Shareholders as it will enhance Lian Beng Group's public image locally and internationally and enable it to tap the capital markets to fund the business growth of the LBD Group. The Directors further believe that the Proposed Listing will be in the interests of the Company and the Shareholders for the reasons below:

(a) Creation of value for Shareholders

The Proposed Listing will provide a transparent valuation to benchmark the Property Development Business and the development properties held by the LBD Group. In addition, it will allow the different core business segments of the New Lian Beng Group to be assessed and valued by investors more distinctly.

Shareholders of the Company will continue to participate in the growth of the LBD Group as the Company intends to retain a controlling shareholding interest (of approximately 70-80%) in LBD after the Proposed Listing as at the latest Practicable Date. Shareholders and new investors will also have the flexibility to invest in the shares of either listed company in accordance with, *inter alia*, their risk appetites and preferences.

(b) Improving the financial position for the New Lian Beng Group and the LBD Group

As at 31 August 2017, Lian Beng Group has bank borrowings amounting to S\$653.7 million. Based on the shareholders' equity of S\$603.4 million, Lian Beng Group's debt-equity ratio is 1.08 times. To fund the growth of Lian Beng Group's property development projects, further funds will be required. The Proposed Listing will facilitate the raising of new funds for property development projects, through the allotment and issuance of new shares in LBD in conjunction with the Proposed Listing, without which the Company may need to rely on, *inter alia*, Lian Beng Group's internal resources and/or bank borrowings (whether existing or new facilities) to fund such further development.

Following the Proposed Listing, LBD will be able to carry out further debt and/or equity fund raising on its own through the capital markets to fund its own growth and investment plans, and will provide greater clarity for credit profiling for financial institutions who wish to lend against the credit of the property development segment. The Company will be able to focus its financial resources on growing its remaining businesses as the LBD Group will be financially independent.

(c) Focusing of management's attention and better accountability

Upon completion of the Proposed Spin-Off, the management teams of the New Lian Beng Group and the LBD Group will be separate. This will allow the senior management personnel of each group to focus their attention on their assigned business segments and deliver the best possible value to the respective shareholders. The New Lian Beng Group and the LBD Group are, and will be managed by separate operational, financial and accounting teams, hence improving corporate visibility, management control and accountability, and enhancing performance measurement. Such segregation will also allow each group to maintain the confidentiality of corporate data and other sensitive information.

LETTER TO SHAREHOLDERS

(d) Maintaining the current listing structure is detrimental to shareholders

Under the current structure of the Group, any funding required to complete the Group's property development projects will have to be borne by the Group. The majority of the pipeline development projects held by the Group have yet to commence construction. In the absence of equity fund raising by the LBD Group via the Proposed Listing, the Group will have to take on further debt financing or raise funds through other means to fund the development of its projects. The taking on of further debt financing increases the leverage of the Lian Beng Group and its risk profile to Shareholders. In addition, the closing share price of the Company of S\$0.765 as at the Latest Practicable Date is trading at a 36.8% discount to its unaudited consolidated NAV per share as at 31 August 2017 of S\$1.21, and fund raising via secondary placement will be dilutive to existing Shareholders. It is envisaged that the Proposed Listing will raise funds from other public investors who may better value the LBD Group's property development business.

Please refer to Section 2.3 of this Circular for more details about the LBD Group's completed and ongoing property development projects as at the Latest Practicable Date.

4.3 Conditions for the Proposed Listing

The Proposed Listing will be conditional upon, *inter alia*, the following:

- (i) the approval for the Proposed Listing by the SGX-ST and where applicable, any other authority body for the Proposed Listing and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the LBD Shares on the Catalist;
- (ii) the terms of the Proposed Listing being agreed between the Company and its advisers;
- (iii) such other terms and conditions as may be provided for in any agreement entered into by LBD and/or the Company in relation to the Proposed Listing including any *force majeure* or similar clause; and
- (iv) such other regulatory or other approvals or consents as may be required or advisable, on terms acceptable to the Company and LBD and the same remaining in force.

As at the Latest Practicable Date, the Company has appointed SAC Capital Private Limited as the sponsor and issue manager for the Proposed Listing and an application for the listing of LBD will be submitted to the SGX-ST in due course. The Company will make an announcement *via* SGXNET at the appropriate stage regarding any updates on the Proposed Listing, including the Offer Price and the terms of the underwriting agreement to be entered into between LBD and the underwriter(s) to the Proposed Listing (if any) and on any material conditions imposed by the SGX-ST or any other regulatory authority in connection with the Proposed Listing.

LETTER TO SHAREHOLDERS

4.4 Proposed use of proceeds from the Proposed Listing

As the Proposed Listing is still at its initial stage of preparation as at the Latest Practicable Date, the amount of proceeds to be raised by LBD has not been ascertained at this stage. The amount to be raised at the Proposed Listing will be dependent on, *inter alia*, the valuation of such LBD Shares, the size of the Proposed Listing, the level of investor interest and the then prevailing market conditions. As at the Latest Practicable Date, there is no plan for any specific use of the proceeds raised by LBD from the issue of new LBD Shares pursuant to the Proposed Listing other than for future expansion and development of the LBD Group, partial repayment of shareholders' loans, and working capital purposes to undertake property development on the projects held by the LBD Group. The use of proceeds arising from the Proposed Listing will be disclosed in further details in the offer document to be issued by LBD for the Proposed Listing.

4.5 Financial effects of the Restructuring, the Proposed Spin-Off and the Proposed Listing

For illustrative purposes only, the proforma financial effects of the Restructuring, the Proposed Spin-Off and the Proposed Listing on the share capital, earnings and NTA of Lian Beng Group as presented herein:

- (a) are purely for illustrative purposes only and are not intended to be projections of the actual future financial performance or financial position of Lian Beng Group after the Restructuring, the Proposed Spin-Off and the Proposed Listing;
- (b) are prepared based on the audited consolidated financial statements of Lian Beng Group for FY2017 and the unaudited combined financial statements of LBD Group for FY2017;
- (c) assume that the Restructuring, the Proposed Spin-Off and the Proposed Listing had been completed, in respect of profit and loss statements on 1 June 2016, and in respect of balance sheets on 31 May 2017;
- (d) assume that LBD will issue such number of new LBD Shares equivalent to 30% of the enlarged issued share capital of LBD, expenses relating to the Proposed Spin-Off and Proposed Listing are negligible, and that the Proposed Listing will raise an estimated gross proceeds of approximately S\$60.0 million; and
- (e) no adjustments have been made in respect of the deployment of the net proceeds from the Proposed Listing.

At the Latest Practicable Date, the final offer structure of the Proposed Listing and the final Offer Price have not been finalised. Accordingly, the proforma financial effects of the Restructuring, the Proposed Spin-Off and the Proposed Listing as set out herein may vary. The Offer Price will be determined by the Directors and/or the directors of LBD, in due course, in consultation with the Company's advisers for the Proposed Listing, closer to the date of the Proposed Listing through a book-building process, after taking into consideration, *inter alia*, the then prevailing market conditions and the estimated market demand for the Offer Shares.

4.5.1 Share capital

As no new Shares will be issued by the Company in connection with the Restructuring, the Proposed Spin-Off and the Proposed Listing, the Restructuring, the Proposed Spin-Off and the Proposed Listing will not have any impact on the share capital of the Company.

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4.5.2 Earnings

Assuming the Restructuring, the Proposed Spin-Off and the Proposed Listing had been completed on 1 June 2016, the proforma financial effects on the EPS of Lian Beng Group for FY2017 are as follows:

	(\$' Million)
Profit attributable to Shareholders for FY2017 (before effects of the Restructuring, the Proposed Spin-Off and the Proposed Listing)	53.2
Dilution in profit contribution from the LBD Group for FY2017 ⁽¹⁾	(4.8)
Profit attributable to Shareholders for FY2017 (after effects of the Restructuring, the Proposed Spin-Off and the Proposed Listing)	48.4
Weighted average number of Shares ('000)	499,689
EPS (SGD)	
– basic and diluted (before the Restructuring, the Proposed Spin-Off and the Proposed Listing)	10.65 cents
– basic and diluted (after the Restructuring, the Proposed Spin-Off and the Proposed Listing)	9.69 cents

Note:

- (1) There is no profit and loss impact arising from the gross proceeds of S\$60.0 million raised from the Proposed Listing.

4.5.3 NTA

Assuming that the Restructuring, the Proposed Spin-Off and the Proposed Listing had been completed on 31 May 2017, the proforma financial effects on the NTA per Share of Lian Beng Group as at 31 May 2017 will be as follows:

	Before the Restructuring, the Proposed Spin-Off and the Proposed Listing	After the Restructuring, the Proposed Spin-Off and the Proposed Listing
NTA attributable to Shareholders of the Company (S\$ Million)	588.2	604.6
Number of Shares ('000)	499,689	499,689
NTA per Share (SGD)	1.18	1.21 ⁽¹⁾

Note:

- (1) The increase in NTA per Share is mainly due to the effect of estimated gross proceeds raised offset against the dilution of 30% in shareholding interest in LBD pursuant to the Proposed Listing.

However, as the Proposed Listing is still at its initial stage of preparation as at the Latest Practicable Date, the final Offer Price has not been determined. There is therefore no assurance that the number of new LBD Shares will be equivalent to 30% of the enlarged issued share capital of LBD and the Proposed Listing will raise an estimated gross proceeds of approximately S\$60.0 million.

LETTER TO SHAREHOLDERS

4.5.4 Gearing Ratio

The financial effects of the Restructuring, the Proposed Spin-Off and the Proposed Listing on the Group's gearing as at 31 May 2017 will be as follows:

	Before the Restructuring, the Proposed Spin-Off and the Proposed Listing	After the Restructuring, the Proposed Spin-Off and the Proposed Listing
Net borrowings as at end 31 May 2017 (S\$ Million) ⁽¹⁾	499.7	439.7
Shareholder's Equity attributable to owners of the Company (S\$ Million)	588.2	604.6
Gearing (times) ⁽²⁾	0.85	0.73

Notes:

(1) "Net borrowings" means total borrowings less cash and cash equivalents.

(2) "Gearing" means the ratio of net borrowings to equity attributable to the owners of the Company.

4.6 Relationship between the New Lian Beng Group and LBD following the Proposed Spin-Off and Proposed Listing

Following the Proposed Spin-Off and Proposed Listing, LBD will remain as a subsidiary of the Company and its financial results will continue to be consolidated into the New Lian Beng Group's results. The Company will continue to be a controlling shareholder of LBD following the Proposed Listing.

4.7 Impact of the Proposed Spin-Off and Proposed Listing on the New Lian Beng Group

4.7.1 *The New Lian Beng Group will remain profitable and viable following the completion of the Proposed Spin-Off and Proposed Listing*

Based on the audited financial statements of the Lian Beng Group for FY2015, FY2016, FY2017 and unaudited financial statements of the Lian Beng Group for 1Q2018, the revenue, profit before tax and NAV of the Lian Beng Group and the LBD Group are set out as follows:

		Revenue (S\$ Millions)	Profit before tax (S\$ Millions)	NAV (excluding non-controlling interests) (S\$ Millions)
FY2015	Lian Beng Group	747.0	143.7	464.0
	LBD Group	–	29.3	35.5
	As a % of Lian Beng Group	–	20.4	7.7
FY2016	Lian Beng Group	445.4	111.7	545.3
	LBD Group	–	68.9	105.1
	As a % of Lian Beng Group	–	61.7	19.3

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		Revenue (S\$ Millions)	Profit before tax (S\$ Millions)	NAV (excluding non-controlling interests) (S\$ Millions)
FY2017	Lian Beng Group	281.7	70.2	588.2
	LBD Group	87.6	20.2	61.6
	As a % of Lian Beng Group	31.1	28.8	10.5
1Q2018	Lian Beng Group	37.2	13.1	603.4
	LBD Group	–	0.7	61.1
	As a % of Lian Beng Group	–	5.3	10.1

In FY2017, the LBD Group attributed S\$87.6 million to (or, 31.1% of) the Lian Beng Group's revenue of S\$281.7 million, and S\$20.2 million to (or, 28.8% of) the Lian Beng Group's profit before tax of S\$70.2 million. For the same period, the LBD Group contributed approximately 10.5% to the Lian Beng Group's NAV of S\$588.2 million.

The New Lian Beng Group is expected to remain profitable and viable following the completion of the Proposed Spin-Off and Proposed Listing.

- 4.7.2 *The New Lian Beng Group will continue to meet the admission criteria of the Main Board of the SGX-ST following the completion of the Proposed Spin-Off and Proposed Listing*

Purely for illustration purposes, the New Lian Beng Group's (excluding the LBD Group's) profit before tax for FY2017 is approximately S\$50.0 million, and has an operating track record of more than three 3 years. As such, the New Lian Beng Group will remain in compliance with the requirements under Rule 210(2)(a) of the Listing Manual which states that "an issuer must satisfy a minimum consolidated pre-tax profits (based on full year consolidated audited accounts) of at least S\$30 million for the latest financial year and has an operating track record of at least three years".

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Total	
	Number of Shares	%(⁽¹⁾)	Number of Shares	%(⁽¹⁾)	Number of Shares	%(⁽¹⁾)
Directors						
Ong Pang Aik ⁽²⁾	25,170,800	5.04	147,614,800	29.54	172,785,600	34.58
Ong Lay Huan ⁽³⁾	11,583,200	2.32	147,614,800	29.54	159,198,000	31.86
Ong Lay Koon	8,539,200	1.71	–	–	8,539,200	1.71
Ko Chuan Aun	205,000	0.04	–	–	205,000	0.04
Low Beng Tin	900,000	0.18	–	–	900,000	0.18

LETTER TO SHAREHOLDERS

	Direct Interest		Deemed Interest		Total	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Substantial Shareholders (other than Directors)						
Ong Sek Chong & Sons Pte Ltd ⁽⁴⁾	92,614,800	18.53	55,000,000	11.01	147,614,800	29.54

Notes:

- (1) Based on total and paid-up ordinary share capital (excluding 30,070,800 treasury shares) comprising 499,689,200 Shares.
- (2) Ong Pang Aik's deemed interests refer to 147,614,800 Shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.
- (3) Ong Lay Huan's deemed interests refer to 147,614,800 Shares held by Ong Sek Chong & Sons Pte. Ltd. by virtue of Section 7 of the Companies Act.
- (4) Ong Sek Chong & Sons Pte. Ltd. is deemed to be interested in 55,000,000 Shares registered in the name of nominee accounts.

Save for their respective interests in the Shares as disclosed above or as disclosed in this Circular, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Material Dilution).

As at the Latest Practicable Date, our Directors and Substantial Shareholders intend to subscribe for the LBD Shares to be offered in connection with the Proposed Listing.

6. DIRECTORS' RECOMMENDATION

The Directors, having considered and reviewed, *inter alia*, the rationale for, and the financial effects of the Proposed Spin-Off, the Proposed Listing and the Proposed Material Dilution, are collectively of the opinion that the Proposed Spin-Off, the Proposed Listing and the Proposed Material Dilution are in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Material Dilution to be proposed at the EGM.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 27 of this Circular, will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 30 January 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

LETTER TO SHAREHOLDERS

8. ACTION TO BE TAKEN BY SHAREHOLDERS

- 8.1 Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.
- 8.2 A Depositor shall not be regarded as a shareholder of the Company and not entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

9. 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 Spin-Off, the Proposed Listing, the Proposed Material Dilution, 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.

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.

10. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648 during normal business hours from the date of this Circular up to the date of the EGM:

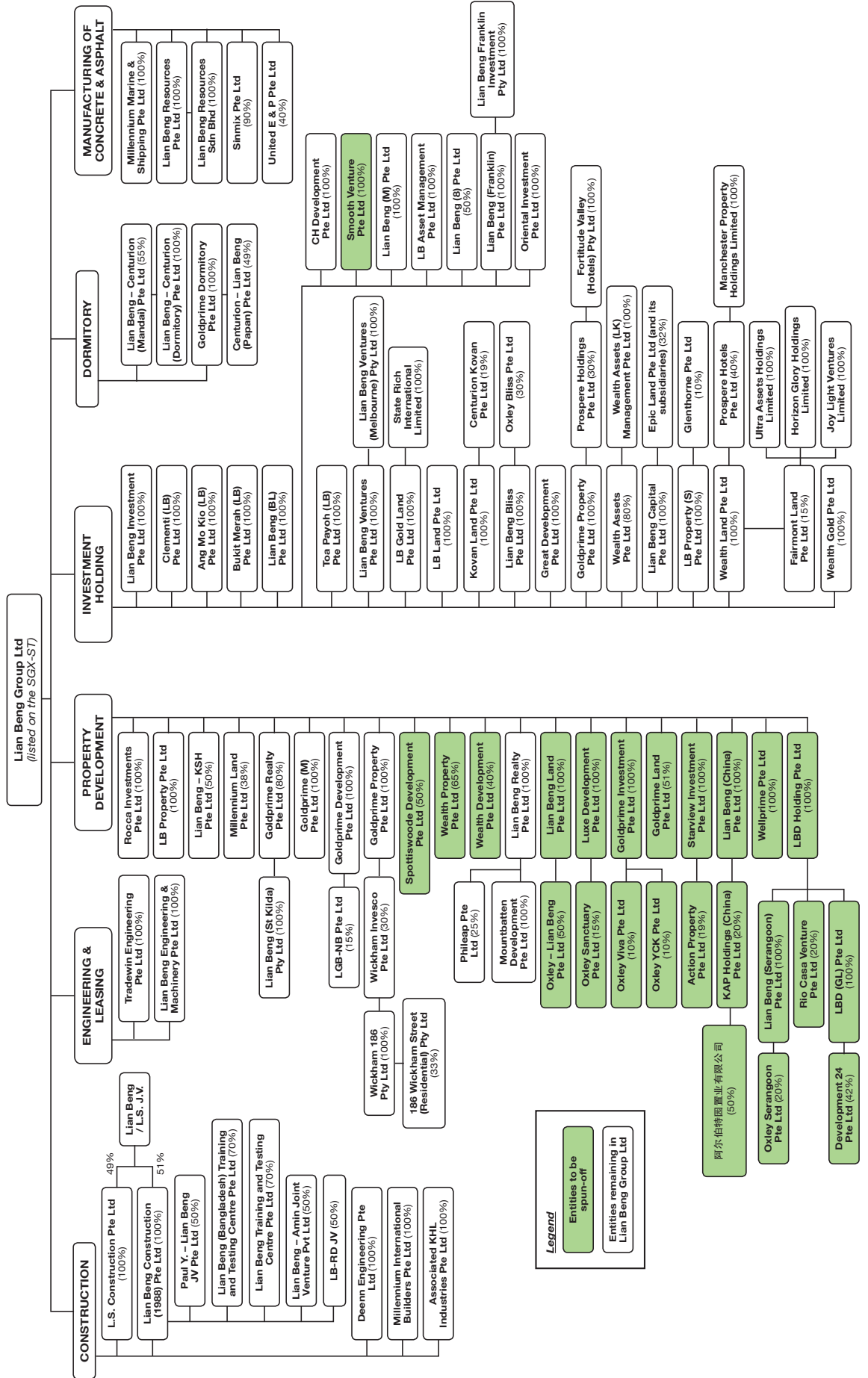
- (a) the constitution of the Company; and
- (b) the annual report of the Company for FY2017 and the unaudited consolidated financial statements of the Lian Beng Group for 1Q2018.

Yours faithfully
For and on behalf of
the Board of Directors
Lian Beng Group Ltd

Ong Pang Aik
Chairman and Managing Director

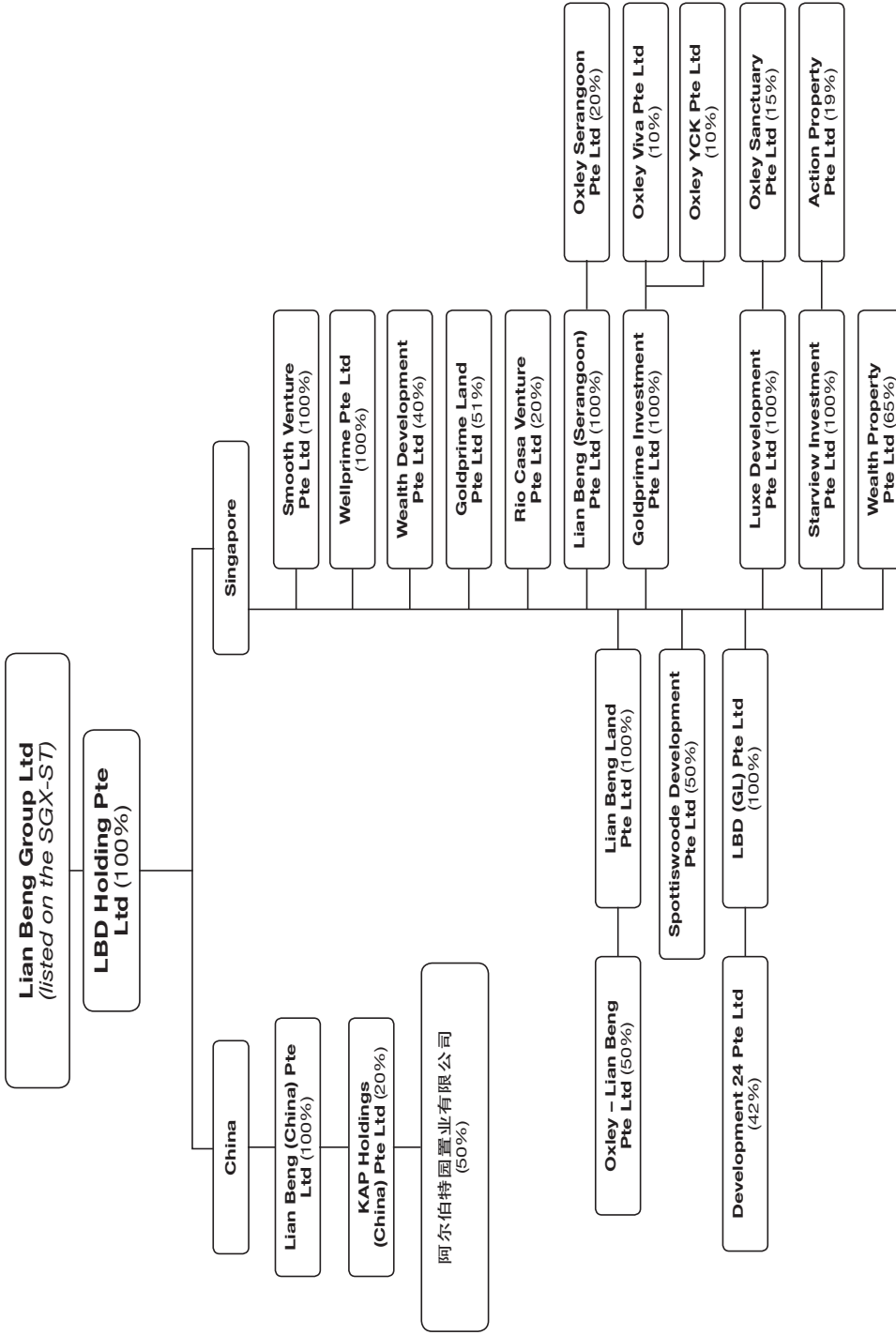
LETTER TO SHAREHOLDERS

Appendix A – Lian Beng Group Structure prior to the Restructuring



LETTER TO SHAREHOLDERS

Appendix B – LBD Group Structure following completion of the Restructuring



Note:

(1) The remaining entities under the Company's property development segment that are not spun-off will either be wound up, struck-off or transferred to the investment holding segment.

NOTICE OF EXTRAORDINARY GENERAL MEETING

LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Lian Beng Group Ltd (the “**Company**”) will be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 30 January 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions as set out below:

All capitalised terms used in this notice which are not otherwise defined shall have the same meaning as ascribed to them in the Company’s circular to its shareholders dated 15 January 2018.

ORDINARY RESOLUTION:

THE PROPOSED MATERIAL DILUTION OF 20% OR MORE OF THE COMPANY’S SHAREHOLDING INTEREST IN LBD HOLDING PTE. LTD., WHICH WILL BE A PRINCIPAL SUBSIDIARY OF THE COMPANY, PURSUANT TO THE PROPOSED SPIN-OFF AND THE PROPOSED LISTING

That:-

- (a) subject to the grant by the SGX-ST and/or any other relevant regulatory authority of approval for the Proposed Spin-Off and the Proposed Listing, approval be and is hereby given for a material dilution of 20% or more of the Company’s shareholding interest in LBD resulting from the issue by LBD of the new LBD Shares in connection with the Proposed Listing; and
- (b) the Directors be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents or approving any amendment or modification to the terms of the Proposed Spin-Off, the Proposed Listing, and the Restructuring as may be required) as they may deem necessary or expedient or in the interests of the Company in order to give effect to this Resolution.

By Order of the Board

Wee Woon Hong
Srikanth Rayaprolu
Company Secretaries
15 January 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the Extraordinary General Meeting of the Company (“**EGM**”) may appoint not more than two proxies to attend and vote in his/her stead.
- (2) Where a member appoints two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (3) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.
- (4) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- (5) The instrument appointing a proxy must be duly deposited at the Registered Office of the Company at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for the holding of the EGM.
- (6) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s and its proxy(ies)’s or representative(s)’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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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 express 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, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) 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. The member’s proxy and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

PROXY FORM

LIAN BENG GROUP LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199802527Z)

EXTRAORDINARY GENERAL MEETING PROXY FORM

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 15 January 2018.

“Personal data” in the proxy form has the same meaning as “personal data” in the Personal Data Protection Act 2012 (“PDPA”), which includes your and your proxy’s and/or representative’s name, address and NRIC/Passport No.

I/We* _____ (Name) NRIC/Passport number* _____ of
_____ (Address)

being a member/members of **LIAN BENG GROUP LTD** (the “Company”) hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her*, the Chairman of the Extraordinary General Meeting (“EGM”) of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at 29 Harrison Road, Lian Beng Building, Singapore 369648 on 30 January 2018 at 10.00 a.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

Please tick here if more than two proxies will be appointed (Please refer to note 3). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

All resolutions put to the vote at the EGM shall be decided by way of poll.

No	Ordinary Resolution	Number of Votes For**	Number of Votes Against**
1.	The Proposed Material Dilution		

* Delete accordingly

** If you wish to exercise all your votes “For” or “Against”, please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018.

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

PROXY FORM

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 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A member of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at an EGM of the Company. Where such member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at an EGM of the Company, 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 one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.

“relevant intermediary” means:

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, 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;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing the proxy or proxies must be deposited at the Company’s registered office at 29 Harrison Road, Lian Beng Building, Singapore 369648 not less than 48 hours before the time appointed for the EGM.
 5. A proxy need not be a member of the Company.
 6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her 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.
 7. 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.
 8. A corporation which is a member may authorise 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, Chapter 50 of Singapore.
 9. The submission of an instrument or form appointing a proxy by a member does not preclude him/her from attending and voting in person at the EGM if he/she so wishes.
 10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the EGM, as certified by the Depository to the Company.
 11. Terms not defined in this Proxy Form shall have the meanings ascribed to them in the circular to shareholders dated 15 January 2018.

PERSONAL DATA PRIVACY:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, the member of the Company (i) consents to the collection, use and disclosure of the member’s and its proxy(ies)’s or representative(s)’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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (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 express 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, (iii) undertakes 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. The member’s proxy and/or representative’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.