



**LIAN BENG GROUP LTD**  
Registration No. 199802527Z

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## ACQUISITION OF EQUITY INTEREST IN HEBEI YUE ZHI REAL ESTATE DEVELOPMENT CO., LTD BY JOINT VENTURE COMPANY

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The Board of Directors (the “**Board**”) of Lian Beng Group Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements on 24 March 2014, 4 March 2016 and 16 March 2016 (“**Announcements**”) in relation to 20%-owned joint venture company, KAP Holdings (China) Pte. Ltd. (“**KAP**”).

Further to the Announcements, the Board wishes to announce that pursuant to an agreement (the “**Agreement**”) entered into with Beijing Jia Hua Hong Yuan Investment Co., Ltd. (北京嘉华宏远投资有限公司) (“**Jia Hua**”), Gaobeidian City Lei Hua Yi Wei Sport Development Co., Ltd. (高碑店市雷华羿伟体育发展有限公司) (“**Lei Hua**”) and KSH International Investment Pte. Ltd. (“**KSHII**”), the Group’s 20%-owned joint venture company, KAP, has invested RMB100 million to subscribe for a 50% equity interest in Hebei Yue Zhi Real Estate Development Co., Ltd. (河北悦致房地产开发有限公司) (“**Yue Zhi**”), a company incorporated in the People’s Republic of China (the “**Acquisition**”).

Prior to the Acquisition, the registered capital of Yue Zhi was RMB55 million, fully unpaid as the registered capital had not been due in accordance with Yue Zhi’s constitution, and held by Jia Hua (82%) and Lei Hua (18%). Yue Zhi had negative book net tangible assets of approximately RMB148,608 as at 30 November 2017. The principal activity of Yue Zhi is real estate development and management. Subject to the receipt of approvals from the relevant authorities, Yue Zhi intends to carry on real estate development and management for the development project in Gaobeidian, Hebei.

Pursuant to the Agreement:

(a) the registered capital of Yue Zhi shall be increased to RMB200 million, to be contributed by the parties as follows:

(i)	Jia Hua	-	RMB45 million, being 22.5% of the registered capital
(ii)	Lei Hua	-	RMB10 million, being 5.0% of the registered capital
(iii)	KSHII	-	RMB45 million, being 22.5% of the registered capital
(iv)	KAP	-	RMB100 million, being 50.0% of the registered capital

(b) the profit and loss as well as the risks relating to Yue Zhi shall be borne by the parties in the following proportions:

(i)	Jia Hua	-	28.00%
(ii)	Lei Hua	-	6.75%
(iii)	KSHII	-	20.25%
(iv)	KAP	-	45.00%

The Group's share of investment of RMB 20,000,000 for the Acquisition is funded through the Group's internal resources and/or external borrowings and is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year ending 31 May 2018.

**Interests of Directors and Controlling Shareholders**

Ms Ong Lay Koon, Executive Director of the Company, holds 385,000 ordinary shares, representing approximately 0.01% shareholding interest (direct and indirect) in Oxley Holdings Limited, the holding company of Oxley China Pte. Ltd., which holds 55% equity interest in KAP. Mr Ko Chuan Aun, an independent director and shareholder of the Company, is also an independent director of KSH Holdings Limited, holding company of KSHII.

Save as disclosed above, none of the other directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, save for their shareholdings (if any) in the Company.

By Order of the Board

Ong Pang Aik  
Chairman and Managing Director  
23 January 2018