



LOW KENG HUAT (SINGAPORE) LIMITED (Reg. No. 196900209G)

- (A) **PROPOSED DISPOSAL OF 40% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF EACH OF WESTGATE TOWER PTE LTD AND WESTGATE COMMERCIAL PTE. LTD; AND**
 - (B) **PROPOSED ACQUISITION OF 45% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PAYA LEBAR SQUARE PTE. LTD.**
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1. INTRODUCTION

1.1 The Board of Directors of Low Keng Huat (Singapore) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on the date of this announcement (“**Announcement**”) entered into:

- (a) a share purchase agreement with Sun Venture Homes Pte. Ltd. (“**SVHPL**”) in relation to the proposed disposal of 40% of the issued and paid-up share capital of each of Westgate Tower Pte Ltd (“**WTPL**”) and Westgate Commercial Pte. Ltd. (“**WCPL**”); and
- (b) a share purchase agreement with Sun Venture Realty Pte. Ltd. (“**SVRPL**”) in relation to the proposed acquisition of 45% of the issued and paid-up share capital of Paya Lebar Square Pte. Ltd. (“**PLSPL**”),

(each a “**SPA**” and collectively, the “**SPAs**”).

1.2 For the purpose of this Announcement,

- (a) “**Proposed Paya Lebar Acquisition**” shall refer to the proposed acquisition of PLSPL by the Company from SVRPL;
- (b) “**Proposed Westgate Disposals**” shall refer to the proposed disposals of WTPL and WCPL by the Company to SVHPL;
- (c) “**Proposed Transactions**” shall refer to the Proposed Paya Lebar Acquisition and Proposed Westgate Disposals collectively;
- (d) “**Sun Venture Companies**” shall refer to SVHPL and SVRPL;
- (e) “**Target Companies**” shall refer to the Westgate Group and PLSPL; and
- (f) “**Westgate Group**” shall refer to WTPL and WCPL.

- 1.3 The Company had on 19 May 2021 submitted a written application to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) to seek confirmation that approval of the shareholders of the Company (“**Shareholders**”) under Chapter 10 of the Listing Manual is not required for the Proposed Transactions on the basis that the Proposed Transactions are in the Company’s ordinary course of business and do not change the risk profile of the Company.
- 1.4 The Company had on 28 May 2021 received a confirmation from the SGX-ST that the approval of the Shareholders under Chapter 10 of the Listing Manual is not required for the Proposed Transactions subject to a written confirmation from the Company that the Proposed Transactions will not result in any change of its risk profile. The Company had on 29 May 2021 provided such written confirmation to the SGX-ST.
- 1.5 Following completion of the Proposed Transactions (“**Completion**”),
- (a) PLSPL will become a wholly owned subsidiary of the Company; and
 - (b) the Company will cease to hold any shareholding interest in WTPL and WCPL.

2. INFORMATION ON THE SUN VENTURE COMPANIES AND THE TARGET COMPANIES

- 2.1 The information on the Sun Venture Companies in this paragraph 2 was provided by the Sun Venture Companies and has been extracted and reproduced in this Announcement. The information on the Target Companies in this paragraph 2 was provided by the sellers (in the case of the Proposed Paya Lebar Acquisition, SVRPL, and in the case of the Proposed Westgate Disposal, the Company, and has been extracted and reproduced in this Announcement.

Background of the Target Companies

- 2.2 PLSPL is a company limited by shares incorporated under the laws of Singapore on 7 June 2013. PLSPL has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 shares. PLSPL owns 159 retail units and 1 office unit in a commercial office and retail development located at 60 Paya Lebar Road, Singapore 409051 which is known as “Paya Lebar Square”.
- 2.3 Each of WTPL and WCPL:
- (a) is a company limited by shares incorporated under the laws of Singapore on 2 January 2014; and
 - (b) has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 shares.

The Westgate Group collectively owns 295 office units in a commercial office development which is located at 1 Gateway Drive, Singapore 608531 known as “Westgate Tower”.

- 2.4 A group chart of the Target Companies prior to and post Completion of the Proposed Transactions is set out in Appendix A to this Announcement.

2.5 Financial Information of the Target Companies

- (a) Based on the audited financial statements of PLSPL for the financial year ended 31 January 2021,
 - (i) the book value and net tangible asset value of PLSPL were approximately S\$39.8 million; and
 - (ii) the net loss attributable to PLSPL was S\$1.4 million.
- (b) Based on the audited financial statements of WTPL for the financial year ended 31 January 2021,
 - (i) the book value and net tangible asset value of WTPL were approximately S\$2.4 million;
 - (ii) the net loss attributable to WTPL was S\$2.6 million; and
 - (iii) the amount of gains on disposal is S\$8.105 million.
- (c) Based on the audited financial statements of WCPL for the financial year ended 31 January 2021,
 - (i) the book value and net tangible asset value of WCPL were approximately S\$3.3 million; and
 - (ii) the net loss attributable to WCPL was S\$3.2 million; and
 - (iii) the amount of gains on disposal is S\$6.228 million.
- (d) In respect of the Proposed Westgate Disposal, the Westgate Consideration (as defined below) represents an excess of S\$14.333 million over the net book value of the relevant sale shares (comprising 40% of the issued and paid up share capital of each of the Westgate Companies) as at 31 January 2021.

Background of the Sun Venture Companies

- 2.6 SVRPL, the seller in respect of the Proposed Paya Lebar Acquisition, is a company limited by shares incorporated under the laws of Singapore on 18 February 2013. SVRPL has an issued and paid-up share capital of S\$20,000 comprising 20,000 shares.
- 2.7 SVHPL, the purchaser in respect of the Proposed Westgate Disposals, is a company limited by shares incorporated under the laws of Singapore on 18 February 2013. SVHPL has an issued and paid-up share capital of S\$20,000 comprising 20,000 shares.
- 2.8 The Group's operating segments include, *inter alia*, investments in properties and quoted equities mainly in Singapore ("**Property Investment Business**"). The Sun Venture Companies are joint venture partners of the Company with respect to its Property Investment Business in Westgate Tower and Paya Lebar Square respectively.

- 2.9 Save as set out in paragraph 2.8, none of the Sun Venture Companies is related to any of the Company's Directors, controlling shareholders, chief executive officer or their respective associates. As at the date of this Announcement, the Sun Venture Companies and their associates do not hold any shares in the Company ("**Shares**").

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

- 3.1 As at the date of this Announcement, the Group's Property Investment Business comprises of other retail developments, including, BT Centre located at 207 Balestier Road, Singapore 329683 and the retail podium of lyf@Farrer located at 2 Perumal Road, Singapore 218773.
- 3.2 As part of the Company's business strategy for the Property Investment Business, it intends to focus on retail developments instead of commercial office developments given that it has more experience in the management of retail and hospitality space as compared to the management of commercial office space. Accordingly, the Proposed Transactions are suitable opportunities for the Company to streamline its Property Investment Business by divesting its commercial office developments and expanding and focusing on retail developments instead.
- 3.3 In addition, the Proposed Transactions are in line with the Company's capital recycling strategy to deliver a divestment gain and allows the Company to re-allocate financial resources to its existing and/or new investment properties, with particular focus on retail developments such as Paya Lebar Square. In line with this business strategy, the Company had on 20 April 2021 entered into options to purchase with unrelated third parties to dispose of 4 office units at Paya Lebar Square. The completion for these disposals is scheduled to take place on or about 29 June 2021.

4. SALIENT TERMS OF THE PROPOSED TRANSACTIONS

4.1 Consideration

- (a) The aggregate consideration payable by the Company to SVRPL for the Proposed Paya Lebar Acquisition is S\$90,457,038 ("**PLS Aggregate Consideration**") which includes a shareholder's loan of an amount of S\$47,566,183 owing to SVRPL (please refer to paragraph 4.4 (b) for further details). The consideration of S\$42,890,855 ("**PLS Consideration**") is subject to adjustments in accordance with sub-paragraph (c).
- (b) The aggregate consideration payable by SVHPL to the Company for the Proposed Westgate Disposals is S\$97,135,752 ("**Westgate Aggregate Consideration**") which includes shareholders' loans of an aggregate amount of S\$80,547,877 owing to the Company (please refer to paragraph 4.4 (a) for further details). The consideration of S\$16,587,875 ("**Westgate Consideration**") is subject to adjustments in accordance with sub-paragraph (c).

- (c) The PLS Consideration and Westgate Consideration are subject to adjustments based on the unaudited balance sheet of each Target Company as at the date of Completion (“**Completion Accounts**”) which sets out the adjusted net asset value. The Completion Accounts are to be prepared and delivered by the purchaser to the seller within 45 days after the date of Completion, in accordance with the respective SPAs.
- (d) The consideration for each of the Proposed Transactions was based on arm’s length negotiations and was arrived at after taking into account, *inter alia*, the agreed property value of: (i) S\$360,000,000 with respect of PLSPL; (ii) S\$310,000,000 with respect of WCPL; and (iii) S\$300,000,000 with respect of WTPL.

Set-off Arrangement

- (e) The Company and the Sun Venture Companies shall enter into a set-off agreement (“**Set-off Agreement**”) on the date of Completion pursuant to which the PLS Aggregate Consideration shall be set-off against the Westgate Aggregate Consideration.
- (f) In the event that the PLS Aggregate Consideration is less than the Westgate Aggregate Consideration, SVHPL shall pay to the Company such amount of the Westgate Aggregate Consideration which is in excess of the PLS Aggregate Consideration, in accordance with the terms of the Set-off Agreement.
- (g) In the event that the PLS Aggregate Consideration exceeds the Westgate Aggregate Consideration, the PLS Aggregate Consideration shall be fully set-off from the Westgate Aggregate Consideration and the Company shall pay to SVRPL such amount of the PLS Aggregate Consideration which is in excess of the Westgate Aggregate Consideration, in accordance with the terms of the Set-off Agreement.
- (h) Subject to the Set-off Agreement, the Proposed Paya Lebar Acquisition will be funded through internal resources, if required.

4.2 **Conditions Precedent**

- (a) Completion is conditional upon the conditions precedent set out in Appendix B to this Announcement (the “**Conditions Precedent**”), being satisfied or waived in accordance with the terms of the relevant SPA.
- (b) If any of the Conditions Precedent are not satisfied or waived by the Company or the Sun Venture Companies (as the case may be) by 11 September 2021 (“**Cut-off Date**”), being the expiry of three (3) months from the date of the SPA, or such other date as may be mutually agreed in writing between the parties, the SPA shall lapse and no party shall have any claim against the other party save for antecedent breaches.

4.3 **Inter-conditional Completion**

Completion of the Proposed Transactions are conditional upon the completion of the Proposed Paya Lebar Acquisition and the Proposed Westgate Disposals (as the case may be).

4.4 **Assignment of Shareholders' Loans**

As part of the completion deliverables under the SPAs, the Company and the Sun Venture Companies shall enter into the following loan assignment agreements in relation to:

- (a) the assignment of the following loans by the Company to SVHPL:
 - (i) the loan of S\$39,433,011 in principal amount owing by WCPL to the Company; and
 - (ii) the loan of S\$41,114,866 in principal amount owing by WTPL to the Company,
- (b) the assignment of the following loan by SVRPL to the Company:
 - (i) the loan of S\$47,566,183 in principal amount owing by PLSPL to SVRPL.

4.5 **Cost and Expenses**

The purchaser under each SPA (in the case of the Proposed Paya Lebar Acquisition, the Company and in the case of the Proposed Westgate Disposals, SVHPL) shall bear all stamp duties payable under the relevant SPA. Save for the stamp duties, each party shall bear its own costs and expenses incurred in connection with the Proposed Transactions.

4.6 **Representations and Warranties**

The Proposed Transactions are subject to such further undertakings, representations and warranties from the purchasers and the sellers as are customary for transactions of similar nature and as provided in the relevant SPA.

5. **ILLUSTRATIVE RELATIVE FIGURES FOR THE PROPOSED TRANSACTIONS UNDER RULE 1006**

5.1 The Proposed Transactions are in the Company's ordinary course of business and do not change the risk profile of the Company, and accordingly the Proposed Transactions are not subject to the requirements under Chapter 10 (except for Part VIII on very substantial acquisitions or reverse takeovers).

5.2 Notwithstanding paragraph 5.1, the relative figures of the Proposed Transactions are computed on the bases set out in Rule 1006 of Listing Manual as set out below **strictly for illustrative purposes only**. Such relative figures are computed based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 January 2021 ("**FY2021**").

5.3 Proposed Paya Lebar Acquisition

Rule 1006 of the Listing Manual	Bases	Relative Figures (%) ⁽¹⁾
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable ⁽³⁾
(b)	The net profits ⁽²⁾ attributable to the assets to be acquired or disposed of, compared with the Group's net profits.	0.021 ⁽⁴⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	24.99 ⁽⁵⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁶⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁽⁷⁾

Notes:

- (1) The relative figures are rounded to the nearest two (2) decimal places.
- (2) "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Not applicable, as the Proposed Paya Lebar Acquisition is in relation to the acquisition of assets.
- (4) Rule 1006(b) is calculated based on figures representing 45% of the audited net profits attributable to PLSPL for FY2021, compared with the Group's audited net profits for FY2021. For the avoidance of doubt, the references to 45% of the audited net profits correspond to the percentage of sale shares in the share capital of PLSPL pursuant to the Proposed Paya Lebar Acquisition.
- (5) The Company's market capitalisation was approximately S\$362,019,840 as calculated by multiplying 738,816,000 ordinary shares in issue by the volume-weighted average price per share of S\$0.49 as at 18 May 2021 (being the last full market day preceding the date of this Announcement). The consideration for the Proposed Paya Lebar Acquisition is S\$90,457,038.
- (6) Not applicable as no equity securities of the Company will be issued as part of the consideration.
- (7) Not applicable as the Proposed Paya Lebar Acquisition is not a disposal of mineral, oil and gas assets.

5.4 Proposed Westgate Disposals

Rule 1006 of the Listing Manual	Bases	Relative Figures (%) ⁽¹⁾
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	0.32 ⁽³⁾
(b)	The net profits ⁽²⁾ attributable to the assets to be acquired or disposed of, compared with the Group's net profits.	-3.2 ⁽⁴⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	26.83 ⁽⁵⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁶⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable ⁽⁷⁾

Notes:

- (1) The relative figures are rounded to the nearest two (2) decimal places.
- (2) "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Rule 1006(a) is calculated based on figures representing 40% of the audited net asset value of the Westgate Group for FY2021, compared with the Group's audited net asset value for FY2021. For the avoidance of doubt, the references to 40% of the audited net asset value correspond to the percentage of sale shares in the share capital of the Westgate Group pursuant to the Proposed Westgate Disposals.
- (4) Rule 1006(b) is calculated based on figures representing 40% of the audited net profits attributable to the Westgate Group for FY2021, compared with the Group's audited net profits for FY2021. For the avoidance of doubt, the references to 40% of the audited net profits correspond to the percentage of sale shares in the share capital of the Westgate Group pursuant to the Proposed Westgate Disposals.
- (5) The Company's market capitalisation was approximately S\$362,019,840 as calculated by multiplying 738,816,000 ordinary shares in issue by the volume-weighted average price per share of S\$0.49 as at 18 May 2021 (being the last full market day preceding the date of this Announcement). The consideration for the Proposed Westgate Disposals is S\$97,135,752.

(6) Not applicable as no equity securities of the Company will be issued as part of the consideration.

(7) Not applicable as the Proposed Westgate Disposals is not a disposal of mineral, oil and gas assets.

6. FINANCIAL IMPACT OF THE PROPOSED TRANSACTIONS

6.1 The financial effects of the Proposed Transactions on the Group as set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after the Proposed Transactions.

6.2 The following financial effects of the Proposed Transactions are computed based on the Group's audited consolidated financial statements for FY2021 and the following bases and assumptions:

- (a) the financial effects of the Proposed Transactions on the earning per share ("EPS") of the Company are computed based on the assumption that the Proposed Transactions is completed on 1 February 2020; and
- (b) the financial effects of the Proposed Transactions on the net tangible assets ("NTA") of the Company are computed based on the assumption that the Proposed Transactions is completed on 31 January 2021.

6.3 NTA Per Share

As at 31 January 2021	Before the Completion of the Proposed Transactions	After the Completion of the Proposed Transactions
NTA (S\$'000)	695,539	684,874
Number of shares	738,816,000	738,816,000
NTA per share (Singapore cents)	94.14	92.70

6.4 EPS

FY2021	Before the Completion of the Proposed Transactions	After the Completion of the Proposed Transactions
Earning/(Loss) attributable to owners of the Company (S\$'000)	48,736	63,069
Number of shares	738,816,000	738,816,000
Earning/(Loss) per share (Singapore cents)	6.60	8.54

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors (so far as they are aware) or the controlling shareholders of the Company has any interest, direct or indirect (other than through their respective directorships and shareholdings in the Company), in the Proposed Transactions.

8. DIRECTORS' SERVICE CONTRACTS

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

9. DOCUMENTS FOR INSPECTION

Copies of the SPAs will be made available for inspection during normal business hours at the Company's registered office at 80 Marine Parade Road, #18-05/09, Parkway Parade, Singapore 449269, for a period of three (3) months from the date of this Announcement.

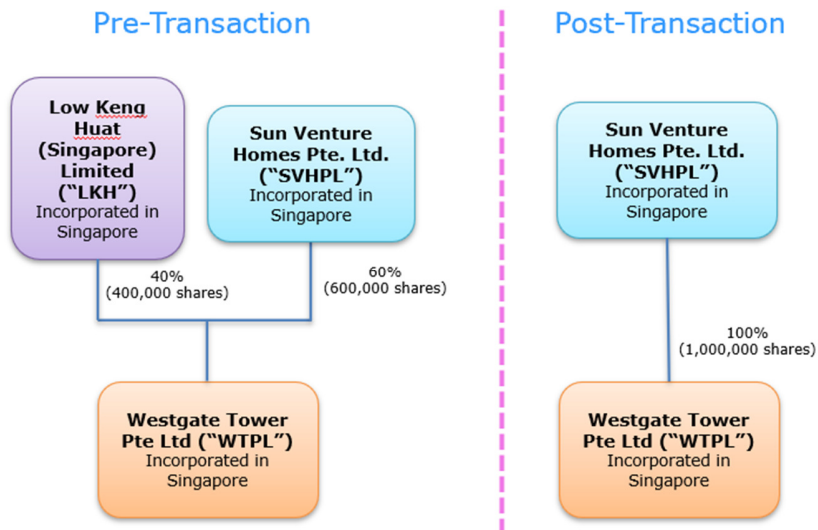
By the Order of the Board

Chin Yeok Yuen
Company Secretary
Date: 11 June 2021

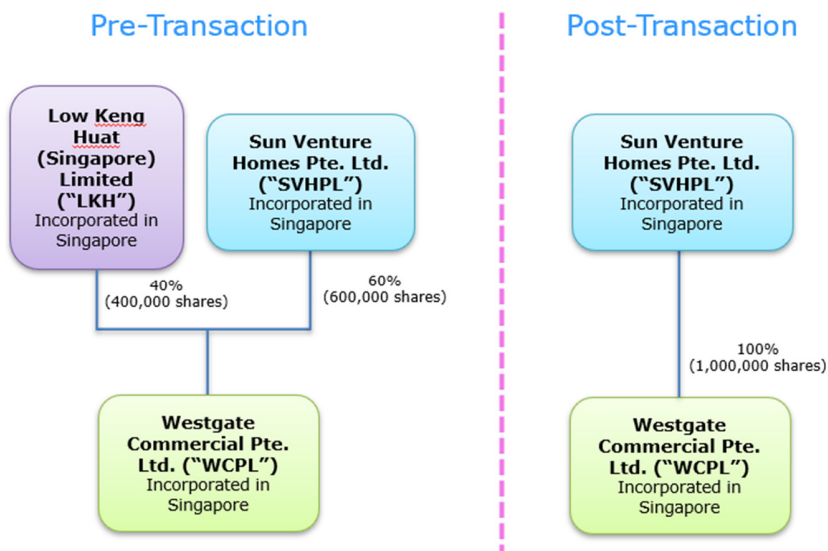
APPENDIX A

GROUP CHART OF THE TARGET COMPANIES PRIOR TO AND POST COMPLETION OF THE PROPOSED TRANSACTIONS

A. WTPL

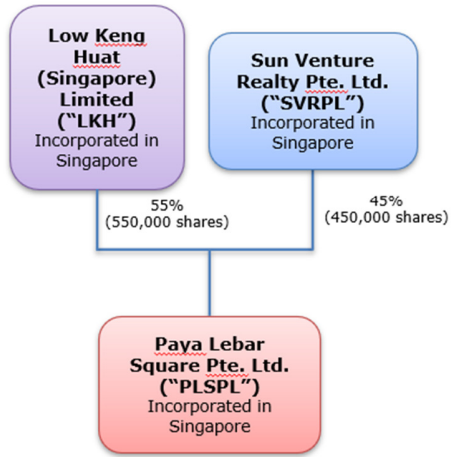


B. WCPL

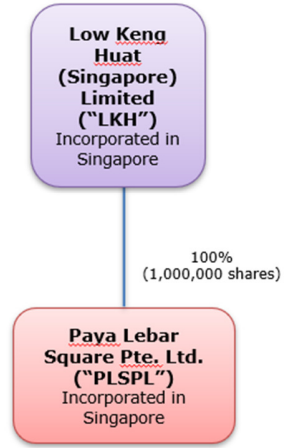


C. PLSPL

Pre-Transaction



Post-Transaction



APPENDIX B

KEY CONDITIONS PRECEDENT

The obligation of the parties under each SPA to complete the Proposed Transactions are conditional upon, *inter alia*, the following salient conditions precedent being satisfied or waived, as the case may be, before Completion:

in respect of the Proposed Westgate Disposals

- (a) the written consent of the relevant banks under and/or in connection with the existing bank facilities granted to the Westgate Group ("**Westgate Bank Facilities**") to the Proposed Westgate Disposals on terms reasonably satisfactory to the parties;
- (b) the termination of the relevant deeds of undertaking and deeds of subordination in relation to the Westgate Bank Facilities with effect from any date on or prior to Completion on terms reasonably satisfactory to the parties;

in respect of the Proposed Paya Lebar Acquisition

- (c) the written consent of the relevant banks under and/or in connection with the existing bank facilities granted to the PLSPL ("**PLS Bank Facilities**") to the Proposed Paya Lebar Acquisition on terms reasonably satisfactory to the parties;
- (d) the termination of the relevant deeds of undertaking and deeds of subordination in relation to the PLS Bank Facilities with effect from any date on or prior to Completion on terms reasonably satisfactory to the parties; and