

SLB Development Ltd.

(Incorporated in the Republic of Singapore under Registration No. 201729864H)

**PROPOSED DISPOSAL OF SUBSIDIARY OWNING
THE PROPERTY AT 50 LORONG 21 GEYLANG SINGAPORE 388465**

1. INTRODUCTION

The Board of Directors of SLB Development Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a share sale and purchase agreement dated 25 September 2019 (the "**SPA**") with Jun Yuan Holdings Pte Ltd ("**Jun Yuan**" or "**Purchaser**") for the disposal of 100% of the ordinary shares in the capital of Wellprime Pte. Ltd. (the "**Target Company**") (the "**Sale Shares**"), a wholly-owned subsidiary of the Company which owns the property at 50 Lorong 21 Geylang Singapore 388465 (the "**Property**") (the "**Proposed Disposal**").

Upon completion of the Proposed Disposal, the Target Company will cease to be a subsidiary of the Group.

2. INFORMATION ON THE TARGET COMPANY AND PROPERTY

The Target Company was incorporated on 31 May 2017 with an initial issued and paid-up share capital of S\$10 divided into 10 ordinary shares. The Target Company was incorporated for the purposes of acquiring the Property.

The Property is a freehold industrial property with a land area of approximately 837.1 square metres (9,010 square feet). The Company originally intended to redevelop the Property into a multi-used light industrial building comprising 11 factory units and common facilities.

3. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore with its registered office at 18 Woodlands Terrance, Singapore 738443. The Purchaser and its ultimate beneficial owners are unrelated to the Company, its directors, controlling shareholders and their associates.

4. SALIENT TERMS OF THE DISPOSAL

4.1. Terms of the SPA

The SPA contains customary provisions relating to the Proposed Disposal, including certain representations and warranties other market standard clauses.

4.2. Consideration

The aggregate consideration for the Proposed Disposal is S\$13,500,000 (exclusive of applicable taxes and stamp duty) ("**Consideration**") payable by the Purchaser as follows:

- (a) S\$135,000 (equivalent to 1% of the Consideration) was paid on 24 June 2019 by way of cheque upon the signing and issue of its letter of interest dated 24 June 2019;
- (b) S\$1,215,000 (equivalent to 9% of the Consideration) is to be paid by way of cashier's orders upon the execution of the SPA; and
- (c) S\$12,150,000 (equivalent to 90% of the Consideration) is to be paid by way of cashier's orders upon the completion of the Proposed Disposal.

The Consideration was arrived at a willing buyer, willing seller basis, after taking into account, *inter alia*, the adjusted net asset value of the Target Company as at 31 May 2019 amounting to approximately S\$12,731,000, the cost of the Property incurred by the Group and the prevailing market conditions. The adjusted net asset value of the Target Company takes into consideration the audited net asset value of the Target Company amounting to S\$943,000 as at 31 May 2019, and adjusted for bank loans amounting to S\$9,440,000, shareholder's loan owing to the Company amounting to S\$2,818,000 and cash balance of \$470,000. No valuation was commissioned by the Company in respect of the Sale Shares and the Property.

5. RELATIVE FIGURES UNDER CATALIST RULE 1006

The relative figures computed on the bases pursuant to Rules 1006(a) to (e) of the Catalist Rules based on the Company's latest announced audited consolidated financial statements for the financial year ended 31 May 2019 ("FY2019") are as follows:

Rule 1006	Basis of Calculation	Relative Figure (%)
(a)	The net asset value of the Sale Shares, compared with the Group's net asset value.	0.60 ⁽¹⁾
(b)	The net profits attributable to the Sale Shares compared with the Group's net profits.	0.58 ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	12.5 ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(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 ⁽⁵⁾

(1) Based on the net asset value of the Sale Shares of approximately S\$943,000 and the Group's audited net asset value of S\$158,334,000 as at 31 May 2019.

(2) Based on the net losses attributable to the Sale Shares of approximately S\$12,500 and the Group's net losses before income tax, minority interests and extraordinary items of S\$2,166,000 as at 31 May 2019.

(3) Based on the aggregate consideration of S\$13,500,000 and the market capitalisation of the Company of approximately S\$108,373,100 computed based on the weighted average share price of S\$0.1187 transacted on 24 September 2019 (being the market day preceding the date of the SPA)

(4) Not applicable, as the Proposed Disposal does not relate to an acquisition by the Company.

(5) Not applicable, as the Proposed Disposal is not a disposal of mineral, oil and gas assets.

As the relative figure computed under Rule 1006(b) involves negative figures, the Company has, through the Sponsor, consulted the SGX-ST in accordance with Rule 1007(1) of the Catalist Rules on the applicability of Chapter 10 for the Proposed Disposal and to seek SGX-ST's concurrence that the Proposed Disposal constitutes a "disclosable transaction" under Chapter 10 of the Catalist Rules. The Company is awaiting a response from the SGX-ST and will update Shareholders accordingly (where necessary).

5. RELATIVE FIGURES UNDER CATALIST RULE 1006 (cont'd)

FINANCIAL EFFECTS OF THE TRANSACTION

The financial effects of the Proposed Disposal as set out below are shown for illustrative purposes only and are not intended to reflect the actual financial performance or position of the Group after the Proposed Disposal. The financial effects have been prepared based on the audited consolidated financial statements of the Group for the most recently completed financial year ended 31 May 2019 in accordance with Rule 1010(8) and 1010(9) of the Catalist Rules.

Based on the Group's audited consolidated financial statements FY2019, the adjusted net asset value of the Target Company was approximately S\$12,731,000, and the excess of the proceeds from the Proposed Disposal over the adjusted net asset value would be S\$769,000.

The proceeds of the Proposed Disposal would be used by the Company for the discharge of the bank loan in respect of the Property, acquisition of potential development property and for general working capital purposes.

Assuming that the Proposed Disposal had been completed on 31 May 2019, the financial effects of the Proposed Disposal on the consolidated net tangible assets ("**NTA**") of the Group for the financial year ended 31 May 2019 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA of the Group (S\$'000)	148,737	149,505
Number of shares ('000)	913,000	913,000
NTA per share (Singapore cents)	16.29	16.37

Assuming that the Proposed Disposal had been completed on 1 June 2018, the financial effects of the Proposed Disposal on the earnings per share ("**EPS**") of the Group for the financial year ended 31 May 2019 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net losses attributable to shareholders of the Company (S\$'000)	5,033	4,251
Weighted average number of shares ('000)	913,000	913,000
Loss per share (Singapore cents)	0.55	0.47

6. RATIONALE

The Proposed Disposal is in the interests of the Group and would be an opportunity for the Group to divest the investment in the Property and would allow the Group to enhance its cash flows and the Group's resources to be deployed for potentially higher yield development property projects.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

8. SERVICE CONTRACTS

There are no persons who are proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 29 Harrison Road, #07-00, Lian Beng Building, Singapore 369648 during normal business hours for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Matthew Ong

Executive Director and Chief Executive Officer

25 September 2019

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542 (Telephone: +65 6232 3210).