

**SEE HUP SENG LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 197502208Z)

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**PROPOSED ACQUISITION OF INTEREST IN SERANGOON EC PTE. LTD.**

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**1. INTRODUCTION**

- 1.1 **The Subscription Agreement:** The board of directors (the "**Board**") of See Hup Seng Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce that, SHS Capital Pte. Ltd. ("**SHSPL**"), a wholly-owned subsidiary of the Company, has on 3 April 2012 entered into a conditional share subscription agreement (the "**Subscription Agreement**") with Serangoon EC Pte. Ltd. (the "**SEPL**") to subscribe for 1,500,000 ordinary shares of SEPL (the "**New Shares**"), representing 30% of the total issued and paid-up share capital of SEPL (the "**Proposed Subscription**").
- 1.2 **The JVA:** On the completion of the Subscription Agreement, SHSPL intends to enter into a joint venture agreement (the "**JVA**") with Ho Lee Group Pte. Ltd. ("**HL**"), Evia Real Estate Management Pte. Ltd. ("**Evia**") and CNH Investment Pte. Ltd. ("**CNH**") to regulate their relationship, *inter se*, as shareholders of SEPL in the conduct of the business and affairs of SEPL (the "**Proposed Joint Venture**" and together with the Proposed Subscription the "**Proposed Transactions**").

Further details of the JVA are set out in paragraph 5 below.

**2. INFORMATION ON THE PARTIES**

- 2.1 **SEPL:** SEPL is a company incorporated in Singapore. As at the date of this announcement, HL and Evia are the only shareholders of SEPL. SEPL was incorporated as a real estate development company by HL and Evia for the purpose of developing an executive condominium (the "**Project**") on the land parcel at Upper Serangoon View/Upper Serangoon Road (Certified Plan no 84721) (the "**Property**"). HL and Evia have been awarded a tender for a 99 year lease by the Housing and Development Board ("**HDB**") in respect of the Property. Upon successful completion of the Subscription Agreement, SEPL will act as the joint venture vehicle for acquiring the Property and undertaking the Project.
- 2.2 **HL:** HL is a company incorporated in Singapore. It has an operating history of more than 30 years and has an established reputation in Singapore's construction industry. HL's proven track record spans numerous HDB public housing, HDB upgrading, private residential projects as well as institutions and complexes.
- 2.3 **Evia:** Evia is the real estate arm of Evia Capital Partners, an established Asian private equity firm with offices in Singapore and China. Evia is involved in property development and project management in Singapore including another executive condominium called "Watercolours" launching soon in Pasir Ris.
- 2.4 **CNH:** CNH is a joint venture between two leading construction companies in Singapore and is a strategic investor in the Project.

**3. RATIONALE FOR THE PROPOSED TRANSACTIONS**

With continuing healthy demand for well-located executive condominium projects, the Company believes that the Proposed Joint Venture is a compelling business opportunity for the Group. The

Board is of the view that by taking a 30% stake in the Project and partnering the right people in the field, we will be able to gain a deeper insight into property development that will broaden the Group's knowledge base. Moreover, the Project can potentially bring additional income and cash flow to the Group, but without excessive risk exposure based on the present outlook for the executive condominium market.

#### **4. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT**

##### **4.1 Consideration:**

4.1.1 The total consideration for the subscription of the New Shares payable by SHSPL under the Subscription Agreement is S\$1,500,000 (the "**Subscription Price**").

4.1.2 The Subscription Price will be paid by SHSPL to SEPL by way of a cashier's order or bank draft at Completion (as defined below).

##### **4.2 Conditions:**

Completion of the Proposed Subscription (the "**Completion**") is conditional upon, *inter alia*, the following (the "**Conditions**");

4.2.1 if applicable, clearance by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") of the circular to be issued by the Company (the "**Circular**") to seek approval of its shareholders (the "**Shareholders**") for the Proposed Subscription;

4.2.2 if applicable, approval of the Shareholders being obtained in a general meeting for the Proposed Subscription, such approval being obtained by 18 May 2012 and remaining in full force and effect and not being revoked;

4.2.3 subscription of 3,500,000 new shares in the capital of SEPL for an aggregate subscription price of S\$3,500,000 by Evia, HL and CNH having been completed on or before Completion;

4.2.4 SEPL having obtained financing from banks for the Project, on such terms agreed between the parties to the JVA; and

4.2.5 the issue and subscription of the New Shares not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore which is applicable to SEPL.

If any of the Conditions are not satisfied, the Subscription Agreement shall *ipso facto* cease to have any force and effect whatsoever and the parties shall have no claim or demand against each other for cost, damages, compensation or otherwise (other than any antecedent breach).

4.3 **Completion:** Subject to the fulfilment of the Conditions, the Completion shall take place at the office of SEPL, 3 business days after the fulfilment of all the Conditions.

#### **5. SALIENT TERMS OF THE JVA**

5.1 **Shareholding Interest:** On Completion, the respective shareholding of SHSPL, Evia, HL and CNH in the share capital of SEPL will be as follows (the "**Shareholding Proportion**").

SHSPL	:	30%
HL and Evia	:	51%
CNH	:	19%

- 5.2 **Financing:** The total cost of the Project includes the cost of the Property, construction cost, sales and marketing cost and financing cost (the “**Total Cost**”). Pursuant to the terms of the JVA, SEPL will obtain external financing to cover a major portion of the Total Cost (the “**External Financing**”), with the remaining amount to be funded by way of equity infusion, shareholders’ loan and sale of the units under the Project.
- 5.3 **Shareholders’ Loan:** Pursuant to the terms of the JVA, each of SHSPL, Evia, HL and CNH will undertake to provide shareholders’ loan of an aggregate amount of S\$50,000,000 to SEPL in the Shareholding Proportion. SHSPL will be required to advance a loan S\$15,000,000 to SEPL based on this undertaking (“**SHSPL Loan**”).
- 5.4 **Undertaking to Bank:** Pursuant to the terms of the JVA, each of SHSPL, Evia, HL and CNH will also be required to provide an undertaking to any bank or financial institution from which External Financing is obtained (if so required by such bank or financial institution), to provide additional funds to SEPL by way of loan or injection of further capital in the Shareholding Proportion, to ensure that SEPL has sufficient funds to cover the difference between the Total Cost and External Financing. Save as provided herein, SHSPL, Evia, HL and CNH will not be required to provide any security of any nature in respect of the External Financing.

The maximum exposure of SHSPL under the aforementioned undertaking, if provided, will be approximately S\$36,959,571 (the “**Total Exposure**”). The Total Exposure is inclusive of the Subscription Price and the SHSPL Loan.

- 5.5 **Service and construction agreements:** Evia will be appointed as the project manager and the property manager in respect of the Project. HL will be appointed as the main contractor and the finance, accounting & administrative agent in respect of the Project.

## 6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

- 6.1 **Practice Note 10.1:** Practice Note 10.1 of the Listing Manual of the SGX-ST (the “**Listing Manual**”) provides that for the purpose of determining the relative figure of Rule 1006(c) (please refer to clause (c) of the table in paragraph 6.3 below), the aggregate consideration given or received should include:

- (a) any deferred consideration that may be payable or receivable by the issuer in the future; and
- (b) further amount related to the transaction.

Loans or guarantees extended by purchaser may deem form part of the consideration payable.

- 6.2 **Total Exposure:** Although under the Subscription Agreement, SHSPL will be injecting only S\$1,500,000 into SEPL, considering the provisions of the Practice Note 10.1 of the Listing Manual, the Board is of the view that for the purpose of calculating the relative figure of Rule 1006(c) of the Listing Manual and for the purpose of demonstrating illustrative financial effects of the Proposed Transactions in paragraph 7 below, the Total Exposure should be used as the aggregate consideration payable.
- 6.3 **Relative Figures:** The relative figures computed on the basis set out in Rule 1006 of Chapter 10 of the Listing Manual in relation to the Proposed Transactions are as follows:

		<b>The Proposed Transactions (S\$'000)</b>	<b>The Group (S\$'000)</b>	<b>%</b>
(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value as at 31 December 2011	This basis of computation is not applicable as there is no disposal of assets		
(b)	The net profits attributable to the assets acquired compared with the Group's net profits for the financial year ended 2011(S\$'000)	-( <sup>1</sup> )	7,969	Not meaningful
(c)	The aggregate value of the consideration given compared with the Company's market capitalization as at 3 April 2012, being the market day immediately preceding the date of the Subscription Agreement	36,960	102,072 <sup>(2)</sup>	36.2%
(d)	The number of equity shares issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis of computation is not applicable as no equity shares will be issued		

**Notes:**

(1) Nil because SEPL was incorporated only on 14 March 2012.

(2) The market capitalisation of the Company was determined by multiplying the number of issued shares, being 422,658,100 ordinary shares (excluding 4,310,000 treasury shares currently held by the Company) by the weighted average price of such shares transacted on 3 April 2012 of S\$0.24150 per share, being the market day immediately preceding the date of the Subscription Agreement.

6.4 As the computed figures under Rule 1006(c) in the above table exceeds 20%, the Proposed Subscription is classified as a major transaction for the purposes of Chapter 10 of the Listing Manual. Shareholders' approval is required for the Proposed Subscription pursuant to Rule 1014(2) of the Listing Manual.

## 7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The financial effects of the Proposed Transactions on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Transactions.

(a) **Net tangible assets ("NTA") per share:**

For illustrative purposes, assuming that the Proposed Transactions had taken place on 31 December 2011, being the end of the most recently completed financial year, and based on the unaudited consolidated financial statements of the Group for the 12 months ended 31 December 2011, the Proposed Transactions would have the following impact on the NTA of the Group:

	<b>Before the Proposed Transactions</b>	<b>After the Proposed Transactions</b>
NTA (S\$'000)	68,235	68,235
NTA per share (cents)	16.60	16.60

(b) **Earnings per share ("EPS"):**

For illustrative purposes, assuming that the Proposed Transactions had taken place on 1 January 2011, being the beginning of the most recently completed financial year, and based on the unaudited consolidated financial statements of the Group for the 12 months ended 31 December 2011, the Proposed Transactions would have the following impact on the EPS of the Group:

	<b>Before the Proposed Transactions</b>	<b>After the Proposed Transactions</b>
Group Profit after tax (S\$'000)	7,969	7,969
Weighted average number of shares	411,041,600	411,041,600
EPS (cents)	1.94 cents	1.94 cents

(c) **Gearing:**

For illustrative purposes, assuming that the Proposed Transactions had been completed on 31 December 2011, the Proposed Transactions would have the following impact on the gearing of the Group:

	<b>Before the Proposed Transactions</b>	<b>After the Proposed Transactions</b>
Total borrowings <sup>1</sup> (S\$'000)	60,849	60,849
Cash and cash equivalents (S\$'000)	42,389	25,889
Shareholders' funds <sup>2</sup>	77,700	77,700
Gross gearing (times) <sup>3</sup>	0.78	0.78
Net gearing (times) <sup>4</sup>	0.24	0.45

**Notes:**

- (1) The expression "Total borrowings" means all interest bearing debts of the Company.
- (2) The expression "Shareholders' funds" refers to the aggregate of the paid-up share capital and other reserve but excludes minority interest.
- (3) "Gross gearing" is computed based on the ratio of "Total borrowings" to "Shareholders funds".
- (4) "Net gearing" is computed based on the ratio of "Total borrowings" less "Cash and cash equivalents" to "Shareholders funds".

## 8. UNDERTAKINGS BY SHAREHOLDERS

To facilitate the Proposed Transactions, the following Shareholders have agreed to provide irrevocable undertakings to vote all their shareholdings in the Company in favour of any resolution approving the Proposed Transactions at a general meeting of the Shareholders:

<u>Name of Shareholders</u>	<u>Number of Shares in the Company</u>
Thomas Lim Siok Kwee	21,974,050
Tan Thoo Chye	3,848,000 (inclusive of shares held in nominee(s) account(s))
Ang Keng Boon	3,078,000 (inclusive of shares held in nominee(s) account(s))
Straits Law Practice LLC	54,000,000
<b>Total:</b>	82,900,050 representing 19.6% of the total issued and share capital of the Company

## 9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED TRANSACTIONS

Save as disclosed herein, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions.

## 10. CIRCULAR

A circular setting out further information and details of the Proposed Transactions, together with a notice of the extraordinary general meeting to be convened, will be despatched by the Company to the Shareholders in due course.

## 11. DOCUMENTS FOR INSPECTION

Copies of the Subscription Agreement and the draft JVA are available for inspection during normal business hours at the registered office of the Company at 81 Tuas South Street 5, Singapore 637651 for a period of three (3) months from the date of this announcement.

By order of the Board  
**SEE HUP SENG LIMITED**

Lim Siok Kwee, Thomas  
Executive Chairman  
4 April 2012