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Wei Yuan Holdings Limited

偉源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1343)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

THE ACQUISITION

On 29 September 2020, the Purchaser was granted the Option by the Vendor to purchase the Property pursuant to the Option Agreement. The Board is pleased to announce that on 12 October 2020, the Purchaser exercised the Option pursuant to the Option Agreement to acquire the Property from the Vendor at a total consideration of S\$9,000,000 (equivalent to approximately HK\$51,300,000).

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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OPTION AGREEMENT

The terms and conditions for the sale and purchase of the Property were set out in the Option Agreement. The principal terms of which are summarised below:

Date of grant of the Option	:	29 September 2020
Date of exercise of the Option	:	12 October 2020
Grantor of the Option	:	SPEEDO COMPUTER-FORMS PRIVATE LIMITED
Grantee of the Option	:	WGT, as the Purchaser of the Property
Consideration	:	S\$9,000,000 (equivalent to approximately HK\$51,300,000)

The consideration of S\$9,000,000 is payable in the following manner:

- (i) the option fee to purchase the Option under the Option Agreement amounting to 1% of the total consideration (being S\$90,000 or equivalent to approximately HK\$513,000) of the sale and purchase of the Property was paid and shall be treated as part payment for the consideration of the Acquisition;
- (ii) a further part payment of 4% of the total consideration (being S\$360,000 or equivalent to approximately HK\$2,052,000) shall be payable at the time of exercising the Option; and
- (iii) the remaining balance of the consideration (being S\$8,550,000 or equivalent to approximately HK\$48,735,000) shall be payable upon Completion.

The total consideration for the Acquisition was determined upon arm's length negotiation between the Purchaser and the Vendor, having regard to (a) the location of the Property and the market price of comparable properties in the proximity; and (b) the existing tenancies of the Property.

Property to be acquired	:	123 Pioneer Road Singapore 639596 on Lot 2440N of Mukim 7
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Further details of the Property are set out in "Information of the Property" below.

- Date of Completion : Subject to the Vendor and Purchaser having complied with all the other terms and conditions of the Option Agreement, in the event that the JTC Confirmation is not obtained by the expiry of six (6) months from the date of the exercise of the Option by the Purchaser (or such other extended time as the parties may mutually agree) or if the approval from JTC is refused.
- Conditions of Sale : (i) the Acquisition is subject to the “Law Society of Singapore’s Conditions of Sale 2012” in so far as the same are applicable to a sale by private treaty and are not varied by or inconsistent with the conditions in the Option Agreement;
- (ii) the Vendor and the Purchaser obtaining the written in-principal approval from JTC for the Vendor to sell and the Purchaser to purchase the Property;
- (iii) the Vendor and the Purchaser obtaining the written confirmation from JTC that the requirements and obligations for Environmental Baseline Study has been satisfied, if required and JTC has no objection to the execution of the Deed of Assignment/Instrument of Transfer (as the case may be) of the Property, or such other confirmation of similar nature (“the **JTC Confirmation**”);
- (iv) the Vendor is the lessee of the Property for a leasehold term of thirty (30) years commencing from 1 October 1995;
- (v) the sale and purchase of the Property herein is with and conditional upon the subsistence of the JTC granting to the Vendor a further term of lease of another 30 years for the Property to commence on the expiry of the Current Term subject to the terms and conditions of the said lease;
- (vi) the title to the Property shall be in order and be properly deduced and free from encumbrances on Completion;
- (vii) the Acquisition shall be subject to the Purchaser’s solicitors receiving satisfactory replies to the legal requisitions and applications for interpretations plans from various Government Departments in Singapore; and

(viii) the Property is sold on an “as is where is” basis in its present state and condition and the Purchaser is deemed to have inspected the Property and shall not be entitled to raise any queries, requisitions or objections of whatsoever nature in respect thereof.

Existing tenancy : The Property will be sold to the Purchaser with two existing tenancies.

INFORMATION OF THE PROPERTY

The Property being acquired is located at 123 Pioneer Road Singapore 639596 on Lot 2440N of Mukim 7. It has a total area of approximately 8,028 square metres and a remaining lease 4 years and 11 months with additional extended term of 30 years.

The Property is partially subjected to two existing tenancy agreements at a monthly rental of S\$10,420 (equivalent to approximately HK\$59,400) until 30 June 2021 and S\$16,192 (equivalent to approximately HK\$92,300) until 30 November 2021.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the tenants of the Property are Independent Third Parties.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste in Singapore. The Purchaser is an indirect wholly-owned subsidiary of the Company, which primarily engages in civil engineering and road-works construction.

INFORMATION OF THE VENDOR

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor is an Independent Third Party.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

The Group anticipates the lease expiry of our headquarter, 37 Kranji Link Singapore 728643 on 30 December 2025 which is non-extendable. The headquarter serves as office, warehouse and dormitory.

The Property is located within the West Region of Singapore surrounded by commercial properties. The Property would be an ideal next headquarter as it offers connectivity of other civil engineering ecosystem and growing civil engineering infrastructure in the region.

The Acquisition is for the ordinary and usual course of the Group’s business, and is consistent with the Group’s current (and prevailing) business strategies and conduct.

The Board believes that the Acquisition would produce positive commercial results to the Group, including (i) increased productivity and cost saving as most of our current backlog is in the West Region of Singapore; (ii) increase in warehousing capacity which complements our focused selective tendering strategy with growing demands of civil engineering infrastructure project in the West Region of Singapore; and (iii) leasing cost savings should there be no viable property or lease to acquire after the current headquarter lease expires. Furthermore, the Acquisition would also improve the Group's ability to withstand ever-increasing rental costs and strengthen its ability to compete with other industry players.

Based on the above, the Board is of the view that the Acquisition would be commercially beneficial to the Group as it would enable the Group to be well-positioned to leverage on potential growth and expansion. Thus, the Acquisition is in line with the Company's business strategy and future plans.

Given that the Option Agreement was entered into on normal commercial terms with consideration being below market value of the Property and similar properties in similar locations and are fair and reasonable, the Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole.

FINANCING OF THE ACQUISITION

It is expected that 100% of the total consideration (being S\$9,000,000 or equivalent to approximately HK\$51,300,000) will be financed by bank facilities through (i) 80% via term loan (ii) 20% via working capital loan after Completion.

LISTING RULES IMPLICATION

As one or more applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions of the following meanings were used:

“Acquisition”	the acquisition of the Property by the Purchaser pursuant to the terms of the Option to Purchase
“Board”	the board of Directors
“Company”	Wei Yuan Holdings Limited, a company incorporated in the Cayman Islands with limited liability of which the shares are listed on the Main Board of the Stock Exchange (stock code: 1343)
“Completion”	completion of the Acquisition

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who/which is(are) independent of the Company and its connected persons
“JTC”	Jurong Town Corporation
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Option”	the option granted by the Vendor to the Purchaser pursuant to the terms and conditions of the Option to Purchase for the sale and purchase of the Property
“Option Agreement”	the Option to Purchase dated 29 September 2020 entered into among the Purchaser and the Vendor under which the Vendor agreed to grant the Option to the Purchaser
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Property”	123 Pioneer Road Singapore 639596 on Lot 2440N of Mukim 7
“S\$”	Singaporean dollar(s), the lawful currency of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	SPEEDO COMPUTER-FORMS PRIVATE LIMITED, an Independent Third Party
“WGT” or “Purchaser”	Weng Guan Technology Pte. Ltd., a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	percentage

Note: Unless otherwise stated, the figures in “S\$” are converted into HK\$ at the rate of S\$1.00: HK\$5.70 throughout this announcement for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

By Order of the Board
Wei Yuan Holdings Limited
Ng Tian Soo
Chairman and Executive Director

Singapore, 12 October 2020

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ng Tian Soo and Mr. Ng Tian Fah; and three independent non-executive Directors, namely Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland.