

**ENTRY INTO OF JOINT VENTURE AGREEMENT**

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**1. INTRODUCTION**

The board of directors (the “**Board**”) of DLF Holdings Limited (the “**Company**” and its subsidiaries, the “**Group**”) wishes to announce that the Company entered into a joint venture agreement (“**JVA**”) on 8 March 2019 with Prosper Environmental & Engineering Pte Ltd (“**PEE**”) to jointly co-operate and collaborate on the Work Order (as defined below) through the medium of a joint venture company “DLF Prosper Venture Pte. Ltd.” (“**JV Company**”), and to regulate their relationship as shareholders of the JV Company (“**JV Shareholder(s)**”).

**2. WORK ORDER**

On 2 July 2018, PEE was awarded a work order by a leading player in the marine engineering industry (“**Work Order**”) in relation to the complete fabrication, erection and installation of all structural and associated steelwork related to the construction of a living quarters of a marine admiralty yard (“**Project**”).

As the contractor under the Work Order, PEE is to fabricate, erect and install all structural and associated steelwork and provide the necessary management, labour, tools, equipment, services and consumables (“**Contract Works**”). Completion of the Work Order is expected to take place by 17 July 2019.

**3. PRINCIPAL TERMS OF THE JOINT VENTURE AGREEMENT**

The salient terms of the JVA are as follows:

Obligations of the parties to the Joint Venture

The JV Company shall be the project co-ordinator overseeing the overall management of the performance by PEE of the Contract Works whilst PEE shall continue as the contractor to perform the Contract Works for the Project.

The JV Company shall be responsible for the day-to-day management of the performance and obligations by PEE of the Contract Works under the Work Order and shall provide all necessary financial funding for PEE to perform the Contract Works.

Profit Sharing

In consideration of the Company entering into the JVA and providing the funding and working capital requirements of the JV Company, PEE agrees to pay DLF an amount representing 80% of the Work Order Profit (as defined below) earned between the period commencing 2 July 2018 and ending on the date of the entry into of the JV Agreement.

In consideration of the provision of the project co-ordination and management services, and project funding services by the JV Company to support the performance of the Contract Works by PEE, the Parties agree to participate in the profits of the Work Order earned on or after the date of the JVA in accordance in the following proportion:

<b>The Company</b>	80%
<b>PEE</b>	20%

#### Board of directors of the JV Company

The board of directors of the JV Company (“**JV Board**”) shall consist of three (3) directors (“**JV Directors**”), of whom two (2) shall be nominated by the Company and one (1) shall be nominated by PEE.

#### Non-Compete Obligations

PEE shall not, so long as it remains a JV Shareholder and for a period of one (1) year after it ceases to be a JV Shareholder, directly or indirectly: (a) carry on a business similar to the business of the JV Company in Singapore, Malaysia and the Maldives; (b) solicit any customer of the JV Company to cease or reduce the amount of business which the customer would normally do, with the JV Company; or (c) solicit any employee of the JV Company or persuade any employee of the JV Company to terminate his/her employment.

#### Dividends Policy

The dividend policy of the JV Company shall be subject to all applicable laws and dividends shall be distributed to the JV Shareholders at such times as the JV Directors may determine, taking into account (a) the profits of the JV Company available for distribution after appropriation of prudent and proper reserves including, where applicable and (b) if the board of directors of the JV Company shall determine as appropriate, allowance for future working capital, provision for tax, interest payments and repayments for amounts borrowed, if applicable.

#### Reserved Matters

The terms of the JVA sets out certain customary matters which require the unanimous approval of all the JV Shareholders or all of the JV Directors, prior to them being carried out by the JV Company.

#### Other Terms

Under the terms of the JVA, the following shall be events of default: (i) either party commits a serious or persistent breach of its obligations under the JVA which has not been remedied within 45 days of receipt of notice from the non-defaulting shareholder requiring it to remedy that breach; or (ii) either party becomes insolvent or (iii) either party takes an interest in a competitor and is in a position of conflict with the JV Company.

In such circumstances, where the defaulting party is the minority shareholder, the majority shareholder, being DLF, shall have an option to require the defaulting shareholder to sell all of its shares (the “**Call Option**”). The purchase price for the shares under the Call Option shall be an amount equal to 90% of the fair value of the said shares as at the date of the notice of default issued by the non-defaulting shareholder. Where the defaulting party is the majority shareholder, being DLF, the JV Company shall be wound up.

#### 4. RATIONALE FOR THE PROPOSED JOINT VENTURE

The Group is currently engaged in the business of providing M&E engineering services.

PEE is a company incorporated in Singapore and is currently in the marine steel, fabrication and engineering business and the provision of maritime services. PEE is the wholly-owned subsidiary of Prosper Marine Pte. Ltd., a company incorporated in Singapore, also in the business of providing maritime services.

The JV Company was established to provide M&E engineering services, in particular, to manage and support the Work Order, and to undertake further M&E projects.

The joint venture between the Company and PEE (“**Joint Venture**”) combines the expertise of both the Group and PEE in the provision of M&E engineering services in the maritime industry by leveraging on their mutual respective strengths and expertise. PEE will gain access to DLF’s experience and know-how in M&E engineering services and DLF will be able to tap on PEE’s stronghold in maritime services.

Given this synergy, the Board is of the view that the Joint Venture:

- (a) is in line with the Company’s plans to expand its business through acquisitions, joint ventures or strategic alliances with parties who can strengthen its market position;
- (b) add value to its existing business; and
- (c) will provide the Company to diversify the Group’s revenue stream and allow the Company to seize the growing business opportunities in other synergistic industries.

#### 5. FINANCIAL IMPACT

The Joint Venture did not have and is not expected to have, any material impact on the earnings per share or the net tangible assets per share of the Group for the financial year ended 31 December 2018 and the financial year ending 31 December 2019, respectively.

#### 6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the JV Company, PEE or any of its respective associates, the JVA and the Work Order.

#### By Order of the Board

Wong Ming Kwong  
Group CEO  
10 March 2019

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the*

**“SGX-ST”**), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information statements or opinions made or reports contained in this announcement.*

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