

DLF HOLDINGS LIMITED

Company Registration No.: 201726076W
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES DATED 23 SEPTEMBER 2019

DLF Holdings Limited (the “**Company**” or “**DLF**”) wishes to announce its responses to the following queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) with reference to the announcements dated 20 September 2019 and 22 September 2019 pertaining to the mandatory unconditional cash offer by CEL Impetus Corporate Finance Pte. Ltd. for and on behalf of QRC Pte. Ltd. (“**Offeror**”).

1. DLF was listed in July 2018 (14 months ago), with IPO price of \$0.23/share. The Offer price of \$0.081 is at a 56% discount to the last done price, and also at significant discount to the 1-month, 3 month, 6-month and 12-month VWAP prices. What is the rationale for Mr Wong Ming Kwong (“**Mr Wong**”) and Mr Fan Chee Seng (“**Mr Fan**”) entering into the SPA to dispose their shares? This is in the context of the Company being newly listed and the Offer price being at a steep discount, and other relevant factors. In addition, Mr Fan was the founder of the Group, having established the Group since 1999.

Company’s Response

	as at 30 June 2019	as at 31 Dec 2018	as at 31 Dec 2017 (for IPO)
NAV/share	\$ 0.0045*	\$ 0.0514*	\$ 0.0278**

* extracted from 6-mths unaudited financial statement ended 30 June 2019 results

** NTA per share, based on IPO prospectus; pre-Placement share capital of 102,608,700 shares

	6-month ended 30 June 2019	6-month ended 30 June 2018	as at 31 Dec 2017 (for IPO)
EPS	-\$0.0469*	\$0.0146*	\$0.0277**

* extracted from 6-mths unaudited financial statement ended 30 June 2019 results

** EPS based on IPO prospectus, post-Placement

Based on DLF results announcement on 14 August 2019, its Net Assets Value on 31 Dec 2018 (5 months after listing) was \$0.0515. However, its NAV has dropped significantly (>90%) to \$0.0045 as of 30 June 2019 results.

On the Income Statement side, DLF registered a loss of \$5.685M for the 6 months ended 30 June 2019 versus a profit of \$1.766M for the corresponding result ended 30 June 2018.

Both the Balance Sheet and Income have deteriorated significantly since IPO. Based on the above factors, Mr Fan feels that the offer price of \$0.081 is reasonable especially considering the illiquidity of this stock. As such he has entered into the SPA on a willing buyer, willing seller basis.

As for Mr Wong, none of the directors including Mr Fan has spoken to Mr Wong since May 2019. As such, they could not comment on the rationale for Mr Wong to enter into the SPA to dispose his interests.

2. To provide more details on the Offeror. Are there any relationships, business or otherwise between the Offeror, the Group, directors, key management and / or their associates?

Company's Response

None

3. The Offeror was only incorporated in 2018 and is in the business of business and management consultancy services. This is totally different from the Group's existing business of mechanical and electrical engineering project development, and turnkey contracting services. The Offeror has indicated its intention to carry on the existing business and maintain listing status.

4. What are the key projects the Group is working on now?

Company's Response

- a) Sengkang General Hospital (plumbing & sanitary subcontract) – project completed, defects liability period and is in process of accounts closing
- b) Tanglin Club (retrofitting & improvement Works) – on 12 months defects liability period
- c) Sheraton Tower (replacement of water pipes) – on-going about half completed
- d) Woodlands Hospital (M&E subcontract) – awaiting confirmation to commence
- e) Minor on-going projects at Esplanade Hotel, Royal Plaza on Scotts, 8 on Claymore

5. Under what circumstances were Mr Wong and Fan approached by the Offeror. When and how did the Offeror approach Mr Wong and Mr Fan?

Company's Response

Sometime in early September, after the results were announced on 14 August 2019, Mr Fan was approached by the Offeror. The Offeror has expressed interest to purchase shares from Mr Fan. However, Mr Fan did not agree to sell at that time. It was not until 20 September that both sides agreed on the price of \$0.081.

During the time when the Offeror approached Mr Fan, it happened that both Mr Fan and Mr Wong have not been on good terms for some time. This was more apparent from the last AGM on 30 Apr 2019 where Mr Wong was not re-elected. Mr Wong also stood down as the CEO immediately after the last AGM.

As for Mr Wong, none of the directors including Mr Fan has spoken to Mr Wong since May 2019. As such, they could not comment on the circumstances, when and how did the Offeror approach Mr Wong.

6. Understand there were other potential offers made to Mr Fan and Mr Wong. What other offers did Mr Wong and Mr Fan receive? What are their considerations in determining that this offer is in the best interest of the Company and its shareholders?

Company's Response

According to Mr Fan, a few parties have spoken to him but none has given him any concrete proposal.

Mr Fan feels that this mandatory unconditional cash offer gives minorities an opportunity for those who want to exit in view of the recent poor financial results and illiquidity of the stock.

As for Mr Wong, none of the directors including Mr Fan has spoken to Mr Wong since May 2019. As such, they could not comment whether if Mr Wong has received any other offers.

7. What is the intention of the Offeror in relation to this Offer? Please elaborate.

Company's Response

Based on the offer announcement that was announced on 20 September 2019, "it is the intention of the Offeror to carry on the existing business of the Company, and the Offeror presently has no intention to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Group, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. However, the Offeror retains the flexibility at any time to consider any options or opportunities which may present themselves and which the Offeror regards to be in the interests of the Offeror and/or the Company."

BY ORDER OF THE BOARD

Manfred Fan Chee Seng
Executive Chairman
26 September 2019

DLF Holdings Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 25 July 2018. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rules 226(2)(b) and 753(2) of the SGX-ST Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assume 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 Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).