

General Announcement::The proposed diversification of the business of the group

Issuer & Securities

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CSC HOLDINGS LIMITED
Co Registration No. 199707845E

THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE PROPERTY DEVELOPMENT, PROPERTY INVESTMENT AND PROPERTY MANAGEMENT

1. INTRODUCTION

The board of directors (the "**Board**") of CSC Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Group proposes to expand its core business ("**Current Core Business**") to include property development, property investment and property management (the "**Property Business**").

2. THE PROPOSED DIVERSIFICATION

2.1 Information Regarding the Proposed Diversification

Upon the approval of Shareholders for the Proposed Diversification being obtained at the EGM, the Group intends to expand its Current Core Business to include the Property Business as described below, as and when appropriate opportunities arise:

- (a) property development activities including acquisition, development and/or sale of residential, hospitality, commercial (retail and office), industrial and any other types of properties (including mixed development properties) ("**Property Related Assets**");
- (b) holding of Property Related Assets as long term investment for the collection of rent, capital growth potential and/or provision of property related services and facilities; and
- (c) management of Property Related Assets.

The Group may also, as part of the Property Business, invest in or acquire or dispose of shares or interests in any entity that is in the Property Business.

The Company does not plan to restrict the Property Business to any specific geographical market as each project and investment will be evaluated and assessed by the Board on its merits. The Group may also explore joint ventures and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Property Business as and when the opportunity arises.

The decision on whether a project should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of

time that is required to complete the project and conditions in the property market, taking into account the opportunities available.

2.2 Rationale for the Proposed New Business

(i) Enhance Shareholders' value

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long term growth. The Directors believe that the Proposed Diversification will reduce the Group's reliance on its existing business, offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company.

(ii) Approval required from Shareholders for Major Transactions

Pursuant to Rules 1013 and 1014 of the Listing Manual, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20% (a "**Major Transaction**"). A Major Transaction must be made conditional upon approval by shareholders in general meeting. For further details on Rules 1013 and 1014, please refer to the Listing Manual.

A Major Transaction does not include an acquisition or disposal which is, or in connection with, the ordinary course of an issuer's business or of a revenue nature. In addition, pursuant to Practice Note 10.1 of the Listing Manual, save where the acquisition changes the risk profile of the issuer, shareholders' approval is not required for a Major Transaction if the acquisition will result in an expansion of the issuer's existing core business. Practice Note 10.1 of the Listing Manual further states that the SGX-ST takes the view that it should not in normal circumstances require an issuer to seek shareholders' approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholders' approval.

With the proposed change of core business of the Company to include the Property Business, acquisitions which are in the same nature as the Company's core business and which will not change the risk profile of the Company, will not require the approval of the Shareholders and need not be made conditional upon the approval of the Shareholders. However, should an acquisition change the risk profile of the Company, shareholders' approval would need to be sought and this would be notwithstanding that there is no change to the core business of the Company. The change in core business of the Company will allow the Company, in its normal course of business, to enter into Major Transactions relating to the Property Business and which will not change the risk profile of the Company in an efficient and timely manner, without the need for Shareholders' approval. As such, the Company will not need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions which are Major Transactions relating to the Property Business arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

For the avoidance of doubt, notwithstanding the Proposed Diversification, in respect of transactions:

- (a) which fall within the definition of Rule 1002(1) of the Listing Manual, Rules 1010 and 1014 will still apply;
- (b) where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 100% or results in a change in control of the issuer, Rule 1015 of the Listing Manual will still apply to such transactions and such transactions must be, among others, made conditional upon approval by shareholders in general meeting; and
- (c) which constitute an “interested person transaction” as defined under the Listing Manual, Chapter 9 of the Listing Manual will apply to such transaction and the Company will comply with the provisions of Chapter 9 of the Listing Manual.

(iii) **Prior Experience in the Property Business**

As its first foray into the Property Business on a conservative scale, the Group was involved in a joint venture with Soilbuild Group Holdings Pte Ltd in December 2009 to carry out and complete the design, construction and marketing of an industrial development at Tuas (“**KOL/SB JV**”). Further details of this joint venture can be found in the Company’s announcements dated 7 December 2009 (“**2009 Announcements**”).

Further to the 2009 Announcements, all 71 units in the KOL/SB JV were sold, generating revenue of S\$16.1 million. The Group owned 24.8% stake in the KOL/SB JV, and a profit of approximately S\$3.7 million was recognised by the Group for the financial year ended 31 March 2012 in connection with the KOL/SB JV.

In October 2013, the Group entered into a joint venture with Tat Hong International Pte Ltd, AME Land Sdn Bhd and BP Lands Sdn Bhd to jointly undertake mixed property development in Iskandar Malaysia (the “**Iskandar Project**”). The Group has a 5% equity stake in the joint venture company, Tat Hong Industries Properties Sdn Bhd (currently known as THAB Development Sdn Bhd), and invested a total of approximately S\$1.9 million in the joint venture through a combination of equity injection and shareholder loans. Further details of this joint venture and the Iskandar Project can be found in the Company’s announcements dated 25 October 2013, 28 October 2013 and 31 December 2013 (“**2013 Announcements**”).

Further to the 2013 Announcements, the Iskandar Project commenced in October 2014 and is expected to complete in December 2016. Sales for phase 1 of the Iskandar Project has completed with a resounding success.

2.3 Shareholders’ Approval

The Proposed Diversification will involve a new business area which is substantially different from the Group’s Current Core Business.

It is envisaged that the Proposed Diversification will change the existing risk profile of the Group.

Accordingly, an extraordinary general meeting ("**EGM**") will be convened by the Company to seek Shareholders' approval for the Proposed Diversification, notice of which will be announced in due course. The EGM will allow Shareholders the opportunity to communicate their views on the Proposed New Business, and consider, if thought fit, to approve the Proposed Diversification.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the directors (other than in his capacity as a director or shareholder of the Company) and in so far as they are aware, none of the controlling or substantial shareholders of the Company has an interest, direct or indirect, in the Proposed Diversification.

4. CAUTIONARY STATEMENT

Shareholders are advised to act cautiously when dealing with their shares in the Company as there is no certainty that the Proposed Diversification will be completed as they are subject to Shareholders' approval. If in doubt, about the action that they should take, shareholders should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers.

5. CIRCULAR TO SHAREHOLDERS

A circular containing further details of the Proposed Diversification, together with a notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

6. ANNOUNCEMENTS

The Company will make further announcements relating to the Proposed Diversification at the appropriate time.

By the Order of the Board
CSC HOLDINGS LIMITED

Lee Quang Loong
Company Secretary
3 July 2015