



KEONG HONG HOLDINGS LIMITED
(Company Registration Number: 200807303W)

SETTING UP OF A JOINT VENTURE PURSUANT TO A SHAREHOLDERS' AGREEMENT AND CHANGE OF INTEREST IN A WHOLLY-OWNED SUBSIDIARY ARISING THEREFROM

The Board of Directors of Keong Hong Holdings Limited (“**Keong Hong**” or the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that Keong Hong Construction Pte Ltd (“**KHC**”), a wholly-owned subsidiary of the Company, and Pristine Island Investment Pte. Ltd. (“**Pristine**”), a wholly-owned subsidiary of KHC, had entered into a Shareholders’ Agreement (“**Shareholders’ Agreement**”) dated 17 July 2014 with Sansui Holding Pte. Ltd. (“**Sansui**”), BRC Asia Limited (“**BRC**”), L3 Development Pte. Ltd. (“**L3**”) and Hotels & Resort Construction Pvt. Ltd. (“**HRC**”) for the subscription of 10,000,000 new ordinary shares at US\$1 each in the capital of Pristine (“**New Pristine Shares**”).

Sansui

Sansui is an investment holding company incorporated in Singapore, owned by Mr Tan Kim Tin and several individual shareholders.

BRC

BRC is listed on the Mainboard of the Singapore Exchange Securities Trading Limited since 24 July 2000. BRC was incorporated in Singapore on 14 Dec 1938 under the name Malayan Wire Mesh & Fencing Co Ltd. BRC is a specialist provider of pre-fabricated reinforcing steel solutions to the construction industry, particularly in Singapore. Its core business comprises of (a) manufacturing of steel wire mesh tailor-made to construction drawing specifications and delivered on a Just-in-Time (JIT) basis; (b) providing reinforcing steel bars cut and bend and pre-fabrication services; (c) providing pre-fabricated reinforcing steel solutions to save onsite labour, time and cost; and (d) providing steel wire-related products such as BRC Weldfence. Currently, BRC has operations in Singapore, China and Malaysia

L3

L3 is an investment holding company incorporated in Singapore, owned by Mr Leow Ban Leong and Mr Leong Suet Wah. Both of them are also the shareholders and directors of Master Contract Services Pte Ltd (“**MCS**”). Currently, MCS has two joint-venture development projects with KHC, namely the executive condominium at Punggol Central/Edgedale Plains and the development of a hotel at East Coast Road.

HRC

HRC was incorporated in the Republic of Maldives in 2007 which provides distinctive excellence in the construction of exquisite island resorts. It started off as an exclusive resort builder in the Republic of Maldives – the tourist paradise.

HRC has been successfully undertaking construction projects of tourist resorts for turnkey and other custom designed basis in the Maldives since its inception. HRC together with its parent company, have undertaken and successfully completed more than 48 resort construction projects of varying magnitude in the Maldives and overseas. The directors of HRC have an aggregate experience of over 35 years in the resort development sector in the Maldives.

Joint Venture Company

Pristine was incorporated by KHC with an initial issued and paid-up share capital of S\$1 comprising 1 ordinary share. Pursuant to the Shareholders' Agreement, the issued and paid-up share capital of Pristine shall increase from 1 ordinary share to 10,000,001 ordinary shares by way of an allotment and issue of 10,000,000 New Pristine Shares of US\$1 each to be held by KHC, Sansui, BRC, L3 and HRC (collectively, "**Joint Venture Partners**") in the following proportion:-

<u>Name of Joint Venture Partners</u>	<u>Shareholding</u>		
	<u>%</u>	<u>No. of New Pristine Shares</u>	<u>Share Capital</u>
KHC	45	4,500,000	US\$4,500,000
Sansui	15	1,500,000	US\$1,500,000
BRC	15	1,500,000	US\$1,500,000
L3	15	1,500,000	US\$1,500,000
HRC	10	1,000,000	US\$1,000,000
	<u>100</u>	<u>10,000,000</u>	<u>US\$10,000,000</u>

Upon the allotment and issue of the New Pristine Shares, KHC shall hold a total of 4,500,001 ordinary shares fully issued and paid-up in Pristine, representing a 45% interest in Pristine.

As previously announced by the Company on 1 August 2013, KHC had entered into three lease agreements with the Government of the Republic of Maldives to undertake the following projects:-

- (i) Lease of a domestic airport in Kooddoo in Gaafu Alifu Atoll, Republic of Maldives, for the expansion, development and operation of the airport;
- (ii) Lease of a plot of land in Kooddoo in Gaafu Alifu Atoll, Republic of Maldives, for the development and operation of a tourist hotel; and
- (iii) Lease of the island of Maamutaa in Gaafu Alifu Atoll, Republic of Maldives for the development and operation of a tourist resort.

(collectively, the "**Projects**")

Pursuant to the Shareholders' Agreement, the Projects shall be undertaken by Pristine. KHC or its subsidiary will be appointed as the main contractor for the construction of the Projects.

Pristine's board of directors ("**Pristine Board**") shall consist of a maximum of six (6) directors. Each Joint Venture Partner has agreed that KHC shall appoint up to two (2) directors which include the chairman of the Pristine Board whilst the rest of the Joint Venture Partner shall each appoint one (1) director on the Pristine Board. The CEO of Pristine shall be Mr Leo Ting Ping Ronald, Keong Hong's Chief Executive Officer and Executive Chairman, or such other persons as may be appointed by KHC.

Subject to the fulfilment of certain conditions as stipulated in the Shareholders' Agreement, option shall be granted by KHC in favour of HRC ("**HRC Option**") to purchase a certain number of Pristine's shares from KHC such that that the percentage of shareholding held in Pristine by KHC and HRC may be changed from 45% and 10% respectively to 30% and 25% respectively upon the exercise of the HRC Option. Notwithstanding, KHC shall still remain as the single largest shareholder of Pristine. The HRC Option shall be for two (2) years from the date of the Shareholders' Agreement.

Funding and Financial Effects

The Joint Venture Partners have each agreed to contribute additional share capital and/or shareholders' loan in proportion to their shareholdings in Pristine to fund the Projects' estimated development costs of US\$120 million and for working capital purposes as and when required by Pristine.

The subscription of shares in Pristine by KHC and/or the provision of the shareholders' loan by KHC in Pristine will be funded through the Group's internal resources and/or bank financing, and are not expected to have any material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 30 September 2014.

Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Shareholders' Agreement, other than through their respective shareholding interests in the Company.

None of the Directors or substantial shareholders of the Company and their respective associates are related to Sansui, BRC, L3 and HRC.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary

Dated: 17 July 2014

This announcement has been prepared by the Company and reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

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