



KEONG HONG HOLDINGS LIMITED

(Company Registration Number: 200807303W)

SETTING UP OF A JOINT VENTURE COMPANY AND SUBSCRIPTION OF SHARES PURSUANT TO THE JOINT VENTURE AGREEMENT

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 had entered into a joint venture agreement (“**JV Agreement**”) dated 11 April 2014 with Master Contract Services Pte. Ltd (“**MCSPL**”) and Asia Development Pte. Ltd. (“**ADPL**”) for the joint development of a hotel (the “**Project**”) located at ML/TS No.26 Lot No.: 10171P PL/PT/Parcel no: 883 East Coast Road (the “**Land Parcel**”).

MCSPL

MCSPL commenced its business in the facilities maintenance sector in 1993 and subsequently moved into the building and construction sector. It was awarded the highest grade of A1 in General Building (CW01) in 2009 which has allowed it to undertake larger and more complex projects. In 2011, MCSPL ventured into property development sector as a property developer of several projects. Some of its recent property development projects include Skies Miltonia (a joint venture with TG Development Pte Ltd), semi-detached houses at Wak Hassan Drive and a freehold industrial property at Upper Thomson.

ADPL

ADPL commenced its business in the construction sector since 2006. They are involved in a wide range of projects, including purchase and developing of lands, construction of single and multi-family residences and renovation works. They are currently building and developing landed houses at Sophia Road, Springleaf Lane, Woo Mon Chew Road, Lorong Marzuki, Meng Suan Road, Berwick Drive, Moonstone Lane, Mayflower Avenue, Puay Hee Avenue and Carnation Drive.

Joint Venture Company

Pursuant to the JV Agreement, a joint venture company known as Katong Holdings Pte. Ltd. (the “**JVC**”) has been set up by the Joint Venture Partners (as defined below) with an issued and paid-up share capital of S\$10 comprising 10 ordinary shares to undertake the development of the Project. The issued and paid-up share capital of the JVC will be increased to S\$1,000,000 comprising 1,000,000 ordinary shares to be held by MCSPL, KHC and ADPL (collectively, “**Joint Venture Partners**”) in the following proportion:

<u>Name of Joint Venture Partners</u>	<u>Shareholding</u>		
	<u>%</u>	<u>No. of Shares</u>	<u>Share Capital</u>
MCSPL	70	700,000	S\$700,000
KHC	20	200,000	S\$200,000
ADPL	10	100,000	S\$100,000
	<u>100</u>	<u>1,000,000</u>	<u>S\$1,000,000</u>

The Land Parcel was awarded by the Urban Redevelopment Authority (“URA”) to KHC and MCSPL on 24 January 2014 for a tender price of S\$352.8 million (“Tender Price”). Pursuant to the terms of the JV Agreement, the Land Parcel will be assigned to the JVC. 75% of the Tender Price amounting to S\$264.6 million will be funded by bank loan(s) while the remaining 25% of the Tender Price has been funded by shareholders' loans from the Joint Venture Partners in proportion to their equity.

Under the JV Agreement, MCSPL and KHC shall jointly appoint the project manager, main contractor, and hotel manager, as well as establish a project group for the Project. The Project is planned to be developed into a 500 to 600-room hotel with commercial space housing medical suites, offices as well as retail and F&B space.

Funding and Financial Effects

The provision of the shareholders' loan by KHC was, and the setting-up of the JVC and the subscription of shares in the JVC by KHC 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 JV 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 MCSPL and ADPL.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
Dated: 11 April 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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