



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 24 October 2013 with Master Contract Services Pte. Ltd (“MCSPL”) and JBE Holdings Limited (“JBE”) for a joint development of an executive condominium (the “Project”) located at Punggol Central/Edgedale Plains Lot 2596W MK21 (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. 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 in Upper Thomson.

JBE

JBE group of companies has been principally involved in the property development business in Singapore since 2004. Projects undertaken by JBE include Lux Ville at Pasir Panjang Road, The Luxe at Handy Road, 53 terrace houses in Sembawang, and a joint development of Skypark Residences Executive Condominium with KHC at Sembawang Crescent/Sembawang Drive.

Joint Venture Company

Pursuant to the JV Agreement, a joint venture company known as MKH (Punggol) Pte Ltd (the “JVC”) has been set up 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 KHC, MCSPL and JBE (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>
KHC	15	150,000	S\$150,000
JBE	15	150,000	S\$150,000
MCSPL	70	700,000	S\$700,000
	<u>100</u>	<u>1,000,000</u>	<u>S\$1,000,000</u>

The Land Parcel was awarded by the Housing Development Board ("HDB") to KHC and MCSPL in August 2013 for a purchase consideration of S\$156,000,000 ("Purchase Consideration"). Pursuant to the terms of the JV Agreement, the Land Parcel will be assigned to the JVC. 75% of the Purchase Consideration amounting to S\$117 million will be funded by bank loan(s) and the remaining of the Purchase Consideration will be funded by shareholders' loans from the Joint Venture Partners in proportion to their equity.

Under the JV Agreement, the Joint Venture Partners shall jointly appoint the project manager, main contractor and marketing agent for the Project.

Funding and Financial Effects

The setting-up of the JVC, the subscription of shares in the JVC by KHC and the provision of shareholders' loan by KHC to the JVC will be funded through the Group's internal resources 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 JBE.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
Dated: 24 October 2013

The Company was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 16 December 2011. 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 reviewed by the Sponsor for compliance with the relevant rules of 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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