



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

ACQUISITION OF PROPERTY IN OSAKA, JAPAN BY INDIRECT WHOLLY-OWNED SUBSIDIARY

1. INTRODUCTION

The board of Directors of Keong Hong Holdings Limited (the “**Company**” or “**Keong Hong**” and together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary Grandwood (Japan) Pte. Ltd. (“**Buyer**”), had on 4 December 2015 entered into a Sale and Purchase Agreement (“**Agreement**”) with Samty Co., Ltd. (“**Seller**”) for the purchase of a commercial building located in Honmachi, Osaka, Japan, (“**Property**”) for a consideration of JPY938,000,000 (equivalent to approximately S\$10,590,020 based on an exchange rate of S\$1:JPY88.57398) (“**Consideration**”) (“**Proposed Acquisition**”).

2. DESCRIPTION ON AND RATIONALE FOR THE PROPOSED ACQUISITION

The Property comprises ownership of the land and building located at 4-4-10 Honmachi, Chuo-ku, Osaka-shi, Osaka. The land size is approximately 344.65 square meters and the building comprised of 9-storey and a basement, has a net rentable area of 1,686.24 square meters. The Property is located near Honmachi District which is a 2-minute walk from Honmachi subway station. As at 4 December 2015, the Property is currently 92.8% tenanted, mainly occupied by offices.

The Proposed Acquisition will provide an alternative income stream for the Group through rental income from the Property. The Proposed Acquisition is also in line with the Company’s strategy of creating sustainable recurring income.

3. CONSIDERATION

The Consideration was arrived at after arm’s length negotiations on a willing buyer willing seller basis, taking into account, *inter alia*, prevailing rental yield of the Property, market condition and prevailing properties prices in the same vicinity.

4. SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement are, *inter alia*, as follows:

- (a) Upon execution of the Agreement, the Buyer shall pay the Seller JPY49,135,800 (“**Earnest Money**”) (5% of JPY982,716,000 (“**Total Payment**”), being the aggregate of the Consideration and consumption tax of JPY44,718,000);
- (b) The Buyer shall by 29 February 2016, pay the Seller the remaining amount of the Total Payment;
- (c) The ownership of the Property shall be transferred from the Seller to the Buyer upon completion of payment of the Total Payment;
- (d) Any and all rights and obligations under the existing lease agreements shall be succeeded from Seller to Buyer at the time of ownership transfer; and
- (e) The liabilities to refund the deposit under the existing lease agreements to the lessees shall also be succeeded from the Seller to the Buyer. The deposit shall be transferred from the Seller to the Buyer by way of set-off with the Total Payment, and the Total Payment to be paid by the Buyer to the Seller shall be reduced by that amount of the deposit.

5. FUNDING AND FINANCIAL EFFECTS ON THE PROPOSED ACQUISITION

The Proposed Acquisition will be funded by the Group's internal resources, net proceeds from the medium terms notes issued on 15 June 2015 and bank borrowings.

The financial effects of the Proposed Acquisition on the Group as set out below are for illustrative purposes only and do reflect the actual financial performance of the Group after the Proposed Acquisition. The tables below sets out the financial effects of the Proposed Acquisition based on the following bases and assumptions:

- (a) the latest announced unaudited consolidated financial statements of the Group for the financial year ended 30 September 2015;
- (b) the financial effect on the consolidated net tangible asset ("NTA") per share computed based on the assumption that the Proposed Acquisition was completed on 30 September 2015; and
- (c) the financial effect on the consolidated earnings per share ("EPS") is computed and based on the assumption that the Proposed Acquisition was completed on 1 October 2014.

NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (\$'000)	112,059	112,059
NTA per share (Singapore cents)	49.60	49.60

EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
EPS (Singapore cents)	16.48	16.69

6. DISCLOSEABLE TRANSACTION

The relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalyst ("Catalist Rules") of the Singapore Exchange Securities Trading Limited ("SGX-ST") are as follows:

	Bases of calculation	Size of relative figures (%)
(a)	The net asset value of the assets to be disposed of compared with the group's net asset value.	NA
(b)	The net profits attributable to the assets acquired or disposal of compared with the group's net profits.	NA (This is related to an acquisition of a property)
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of shares excluding treasury shares.	9.31% ⁽¹⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	NA. No equity securities will be issued as consideration for the Proposed Acquisition.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	NA. The Company is not a mineral, oil or gas company.

Notes:

1. Computed based on the Consideration of JPY938,000,000 (approximately S\$10,590,020 based on an exchange rate of S\$1: JPY88.57398) and the market capitalisation of the Company of S\$113,728,300 determined by multiplying the existing number of issued shares in the capital of the Company ("Shares") (excluding treasury shares) of 226,100,000 by the weighted average price of the Shares of S\$0.503 per Share based on trades done on the Catalist of the SGX-ST on 3 December 2015 (being the last market day preceding the date of the Agreement).

Based on the above, the relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Catalist Rules, exceeded 5% but is less than 75%. Accordingly, the Proposed Acquisition constitutes a "discloseable transaction" under Rule 1010 of the Catalist Rules.

7. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Proposed Acquisition other than through their shareholding interests in the Company.

8. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be available for inspection during normal business hours at the registered office of the Company at 9 Sungei Kadut Street 2, Singapore 729230 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
8 December 2015

This announcement has been prepared by Keong Hong Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.