

MANDATORY CONDITIONAL CASH OFFER

by



NOVUS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 201723484W)

(Incorporated in the Republic of Singapore)

for and on behalf of

LJHB CAPITAL (S) PTE. LTD.

(Company Registration No.: 202125750R)

(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the share capital of

KEONG HONG HOLDINGS LIMITED

(Company Registration No.: 200807303W)

(Incorporated in the Republic of Singapore)

other than those already owned, controlled or agreed to be acquired by the Offeror and the persons acting in concert with the Offeror

OFFER ANNOUNCEMENT

1. INTRODUCTION

Novus Corporate Finance Pte. Ltd. ("**NCF**") wishes to announce, for and on behalf of LJHB Capital (S) Pte. Ltd. (the "**Offeror**"), that the Offeror has today entered into a sale and purchase agreement with Mr. Leo Ting Ping Ronald ("**Mr. Leo**") in relation to the sale and purchase of an aggregate of 44,763,220 ordinary shares ("**Shares**") of Keong Hong Holdings Limited (the "**Company**"), representing approximately 19.05% of the total number of Shares¹, at a price of S\$0.384 per Share (the "**Acquisition**").

Prior to the making of this Announcement and excluding the Acquisition, the Offeror owns 62,817,200 Shares, representing approximately 26.73% of the total number of Shares. Upon completion of the Acquisition, the Offeror will own, control or has agreed to acquire an

¹ The percentage shareholding interest referred to in this Announcement is rounded to two (2) decimal places and is based on 235,010,000 Shares (excluding Shares held in treasury) which was obtained from publicly available information.

aggregate of 107,580,420 Shares, representing approximately 45.78% of the total number of Shares. In compliance with Rule 14 of the Singapore Code on Take-overs and Mergers (the "Code"), the Offeror will make a mandatory conditional cash offer (the "Offer") for all the remaining Shares, other than treasury Shares and those Shares owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror and the persons acting in concert with the Offeror.

2. THE OFFER

2.1 Offer Terms

In accordance with Rule 14 of the Code and subject to the terms and conditions set out in the formal offer document to be issued by NCF, for and on behalf of the Offeror (the "Offer Document"), the Offeror will make the Offer for the Offer Shares (as defined below) on the following basis:

For each Offer Share: S\$0.384 in cash (the "Offer Price")

The Offer, when made, will be extended, on the same terms and conditions, to:

- (a) all the Shares, other than treasury Shares and those Shares already owned, controlled or agreed to be acquired by the Offeror and the persons acting in concert with the Offeror; and
- (b) all new Shares unconditionally issued or to be issued pursuant to the valid exercise of any options (the "Company Options") granted under the Keong Hong Employee Share Option Scheme prior to the close of the Offer.

For the purposes of the Offer, the expression the "Offer Shares" will include all such Shares and the expression the "Shareholders" shall mean each shareholder of the Company.

The Offer Shares will be acquired (i) fully paid-up; (ii) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and (iii) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement and hereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the date of this Announcement). **In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the date of this Announcement, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital.**

2.2 Conditional Offer

The Offer will be conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert

with the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with the Offeror holding more than 50% of the total number of Shares (excluding treasury Shares) as at the close of the Offer.

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances in respect of such Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and parties acting in concert with the Offeror holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For this purpose, the "**maximum potential issued share capital of the Company**" means the total number of Shares (excluding treasury Shares) which would be in issue had all outstanding Company Options been validly exercised as at the date of such declaration.

Further information on the Offer and the terms and conditions upon which the Offer will be made shall be set out in the Offer Document.

3. INFORMATION ON THE OFFEROR

The Offeror is a holding company incorporated under the laws of Singapore on 23 July 2021. As at the date of this Announcement:

- (a) the Offeror has an issued and paid-up share capital of S\$1,000,000 consisting of 1,000,000 ordinary shares, which are held by Forevertrust International (S) Pte. Ltd. ("**Forevertrust**"). Forevertrust is a wholly-owned subsidiary of LJHB Holdings (S) Pte. Ltd. ("**LJHB Holdings**"). The Offeror's ultimate shareholder is Ms. Liu Haiyan; and
- (b) the board of directors of the Offeror (the "**Directors**") are Ms. Liu Haiyan, Mr. Lin Junru and Mr. Chen Bin.

4. INFORMATION ON THE COMPANY

- 4.1 Based on publicly available information, the Company was incorporated under the laws of Singapore on 15 April 2008 and was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 16 December 2011. The Company was subsequently transferred to the Main Board of the SGX-ST on 2 August 2016.

4.2 Based on publicly available information, the Company and its subsidiaries are engaged in the businesses of building construction, property development, hotel development and investment, and overseas property investment.

4.3 As at the date of this Announcement and based on publicly available information:

(a) the Company has an issued and paid-up share capital of S\$22,514,415 comprising 235,010,000 Shares (excluding 7,555,000 Shares held by the Company in treasury); and

(b) the directors of the Company are:

(i) Mr. Leo (Executive Chairman and Chief Executive Officer);

(ii) Mr. Er Ang Hooa (Executive Director);

(iii) Mr. Chong Weng Hoe (Lead Independent Director);

(iv) Mr. Chong Wai Siak (Non-Executive Independent Director);

(v) Mr. Koh Tee Huck Kenneth (Non-Executive Independent Director);

(vi) Mr. Fong Heng Boo (Non-Executive Independent Director); and

(vii) Mr. Xu Quanqiang (Non-Executive Non-Independent Director).

5. **IRREVOCABLE UNDERTAKING**

5.1 Upon completion of the Acquisition, Mr. Leo will own 27,731,180 Shares, representing approximately 11.80% of total number of Shares (the "**Remaining Shares**"). Mr. Leo has undertaken (the "**Irrevocable Undertaking**") to the Offeror to not accept the Offer in respect of the Remaining Shares.

5.2 Save for the Irrevocable Undertaking, as at the date of this Announcement, none of the Relevant Persons (as defined below) has received any irrevocable undertakings from any other person to accept or reject the Offer.

6. **RATIONALE FOR THE OFFER**

As set out in paragraph 1 above, the Offeror is making the Offer in compliance with the requirements of Rule 14 of the Code.

7. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over the historical traded prices of the Shares:

Description	Benchmark price (S\$) ⁽¹⁾	Premium over benchmark price (%) ⁽²⁾
Last transacted price per Share on the last full trading day of the Company prior to the date of this Announcement, being 20 January 2022 (" <u>Last Trading Day</u> ")	0.370	3.8
Lowest closing price of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day	0.325	18.2
Highest closing price of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day	0.375	2.4
Volume weighted average price (" <u>VWAP</u> ") of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day	0.356	7.9
VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day	0.345	11.3
VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day	0.346	11.0
VWAP of the Shares traded on the SGX-ST for the 12-month period prior to and including the Last Trading Day	0.340	12.9

Notes:

- (1) The figures set out in the table above are based on data extracted from Thomson Reuters Eikon. The benchmark prices were rounded to the nearest (3) decimal places.
- (2) Computed based on the benchmark prices which were rounded to the nearest three (3) decimal places. Premia over benchmark price were rounded to the nearest one (1) decimal place.

8. **LISTING STATUS AND COMPULSORY ACQUISITION**

8.1 **Listing Status**

Under Rule 723 of the listing manual of the SGX-ST (the "**Listing Manual**"), the Company must ensure that at least 10% of the total number of Shares is at all times held in public hands (the "**Free Float Requirement**"). Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with the Offeror to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not satisfied, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

8.2 **Compulsory Acquisition**

Pursuant to Section 215(1) of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), in the event that the Offeror acquires not less than 90% of the total Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding, for the avoidance of doubt, any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of the Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price.

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of the total Shares, Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price. Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8.3 **Offeror's intentions**

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following the Offer and the Offeror does not intend to exercise any rights of compulsory acquisition that may arise under Section 215(1) of the Companies Act.

However, in the event that the Company does not meet the Free Float Requirement under the Listing Manual at the close of the Offer, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) under Section 215(1) of the Companies Act, depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

9. **CONFIRMATION OF FINANCIAL RESOURCES**

NCF, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price which, for the avoidance of doubt, excludes the consideration that would (but for the Irrevocable Undertaking) have been payable for the Remaining Shares.

10. **OFFER DOCUMENT**

The Offer Document setting out the full terms and conditions of the Offer and enclosing the relevant form(s) of acceptance will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the date of this Announcement.

In the meantime, Shareholders are advised to exercise caution and seek appropriate independent professional advice when dealing in their Shares, pending receipt of the Offer Document.

11. **DISCLOSURE OF INTERESTS**

11.1 **Holdings of Company Securities**

Prior to the making of this Announcement and based on the latest information available to the Offeror, the number of (a) Shares; (b) securities which carry voting rights in the Company; or (c) convertible securities, warrants, options or derivatives in respect of such Shares or securities which are being offered for or which carry voting rights in the Company (collectively, the "**Company Securities**") held by (i) the Offeror and its Directors, (ii) LJHB Holdings, and (iii) NCF (collectively, the "**Relevant Persons**") are set out below:

Relevant Person	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
The Offeror	-	-	107,580,420 ⁽²⁾	45.78
LJHB Holdings	-	-	107,580,420 ⁽³⁾	45.78
Ms. Liu Haiyan	-	-	107,580,420 ⁽³⁾	45.78

Notes:

- (1) All references to percentage shareholding in this paragraph 11.1 are rounded to two (2) decimal places and is based on the 235,010,000 Shares in the Company (excluding Shares held in treasury) which was obtained from publicly available information as at the date of this Announcement.
- (2) The Offeror is deemed to be interested in the 57,595,800 Shares and 5,221,400 Shares held through Citibank Nominees Singapore Pte. Ltd. and iFAST Financial Pte Ltd respectively. The Offeror is also deemed to be interested in the 44,763,220 Shares that will be acquired pursuant to the Acquisition.
- (3) The Offeror is a wholly-owned subsidiary of Forevertrust, which is a wholly-owned subsidiary of LJHB Holdings. LJHB Holdings is in turn 100% owned by Ms. Liu Haiyan. Accordingly, Ms. Liu Haiyan and LJHB Holdings are deemed interested in the Shares which the Offeror is to be deemed interested in.

11.2 Other Arrangements

As at the date of this Announcement and based on the latest information available to the Offeror, none of the Relevant Persons has:

- (a) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or Shares which might be material to the Offer; and
- (b) in respect of any Company Securities:
 - (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise;
 - (ii) borrowed from another person any Company Securities (excluding borrowed securities which have been on-lent or on-sold); or
 - (iii) lent to another person any Company Securities.

11.3 Confidentiality

In the interest of confidentiality, the Offeror has not made enquiries in respect of certain other persons who are or may be deemed to be acting in concert with them in connection with the Offer. Further enquiries will be made of such persons by the Offeror and the relevant disclosures, if any, will be made in the Offer Document.

12. OVERSEAS PERSONS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the relevant form(s) of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. **For the avoidance of doubt, the Offer shall be open to all Shareholders,**

including those to whom the Offer Document and relevant form(s) of acceptance may not be sent.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of the Shareholders who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

The Offeror and NCF each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders who are not resident in Singapore by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement (other than those relating to the Company) are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.

The Directors jointly and severally accept responsibility accordingly.

Issued by

NOVUS CORPORATE FINANCE PTE. LTD.

For and on behalf of

LJHB CAPITAL (S) PTE. LTD.

21 January 2022

Any inquiries relating to this Announcement or the Offer should be directed during office hours to:

Novus Corporate Finance Pte. Ltd.

Tel: +65 6950 2188

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "shall", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Offeror does not undertake any obligation to update publicly or revise any forward-looking statements.