



KEONG HONG HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200807303W)

ACQUISITION OF PART OF THE ISSUED AND PAID-UP SHARE CAPITAL IN AND SUBSEQUENT SUBSCRIPTION OF SHARES IN AND GRANTING OF A LOAN TO NUFORM SYSTEM ASIA PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of Keong Hong Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company has today entered into a share purchase agreement ("**SPA**") with Lim Ewe Ghee (the "**Vendor**") for the proposed acquisition by the Company of 2,040,000 ordinary shares (the "**Sale Shares**") representing 34% of the current issued and paid-up share capital in Nuform System Asia Pte. Ltd. ("**Nuform**") from the Vendor for a cash consideration of S\$4,080,000 ("**Acquisition Purchase Consideration**")

(the above, "**Proposed Acquisition**").

The Company has also today, together with BRC Asia Limited ("**BRC**"), Ho Lee Group Pte Ltd ("**Ho Lee**"), Ng Teck Huat ("**NTH**", together with the Company, BRC and Ho Lee, the "**Subscribers**" and each a "**Subscriber**"), entered into a share subscription agreement ("**Subscription Agreement**") with Nuform in relation to the proposed subscription by the Subscribers of a total of 5,666,667 new ordinary shares in Nuform (the "**Subscription Shares**") at a total subscription consideration of S\$6,000,000 (the "**Subscription Purchase Consideration**") in the following manner:

Subscriber	Number of Subscription Shares	Percentage Shareholding ⁽¹⁾	Subscription Consideration
Company	1,530,000	13.11%	S\$1,530,000
BRC	1,166,667	10.00%	S\$1,500,000
Ho Lee	1,530,000	13.11%	S\$1,530,000
NTH	1,440,000	12.34%	S\$1,440,000
Total	5,666,667		S\$6,000,000

Note:

(1) Based on the enlarged share capital of Nuform of 11,666,667 ordinary shares, taking into account the Subscription Shares.

(the above, "**Proposed Subscription**").

Upon completion of the Proposed Acquisition and the Proposed Subscription, the Company will hold 3,570,000 ordinary shares representing 30.60% of the enlarged issued and paid-up share capital in Nuform.

The Company has also today, together with BRC and Ho Lee (the "**Lenders**" and each a "**Lender**"), entered into a loan agreement with Nuform (the "**Loan Agreement**") in relation to a loan to be made available to Nuform (the "**Proposed Loan**") on the terms and conditions set out in the Loan Agreement. The salient terms of the Proposed Loan are as set out below:

- (a) Maximum Loan Amount: S\$3,500,000
- (b) Portion of Proposed Loan to be provided by the Company: S\$1,000,000
- (c) Interest Rate: 6% per annum
- (d) Final Maturity Date: 3 years from the date on which the Proposed Loan is made (the "**Final Maturity Date**")
- (e) Repayment: One lump sum on the Final Maturity Date
- (f) Prepayment: In the event that the whole or part of the Proposed Loan is prepaid at any time prior to the date falling one year after the date on which the Proposed Loan is made, the total accrued interest payable on the date of such prepayment shall be 6% of the amount of the Proposed Loan prepaid

(the above, "**Proposed Loan**", together with the Proposed Acquisition and Proposed Subscription, the "**Proposed Transactions**").

2. INFORMATION ON THE TARGET COMPANY

Nuform is a private company limited by shares incorporated in the Republic of Singapore and is principally engaged in the business of supplying metal formworks to the construction industry. As at the date of this announcement, Nuform has an issued and paid-up share capital of S\$6,000,000 divided into 6,000,000 fully paid-up ordinary shares, of which 34% is owned by the Vendor and the balance 34% and 32% are owned by Ho Lee and NTH, respectively.

The audited net assets of Nuform as at 31 December 2015 was S\$17,460,618 and the net assets of Nuform as at 31 December 2016 based on its management accounts was S\$20,426,845. Nuform registered a net profit of S\$2,959,421 for the financial year ended 31 December 2015 (audited) and a net profit of S\$2,966,230 for the financial year ended 31 December 2016 (unaudited) based on its management accounts. No independent valuation was conducted on Nuform.

3. AGGREGATE PURCHASE CONSIDERATION UNDER SPA

The purchase consideration for the Proposed Acquisition is S\$4,080,000 (the "**Acquisition Purchase Consideration**") to be paid by way of a cheque made in the name of the Vendor which was arrived at on a willing buyer and willing seller basis, after taking into account the earnings and growth prospects of Nuform, as well as the proportion of the net assets of Nuform attributable to the Sale Shares which are computed as follows:-

Audited Net Assets of Nuform attributable to the Sale Shares As at 31 December 2015	Unaudited Net Assets of Nuform attributable to the Sale Shares As at 31 December 2016
S\$5,936,610	S\$6,945,127

The subscription amount payable by the Company for the Proposed Subscription is S\$1,530,000 (the “**Subscription Purchase Consideration**”) to be paid by way of a cheque made in the name of Nuform which was arrived at on a willing subscriber and issuer basis following arm’s length negotiations between the Company, Nuform and the other Subscribers.

The Company’s share in the Proposed Loan is a maximum of S\$1,000,000 (the “**Loan Commitment**”, together with the “**Acquisition Purchase Consideration**” and “**Subscription Purchase Consideration**”, the “**Aggregate Consideration**”) which was arrived at on a willing borrower and lender basis following arm’s length negotiations between the Company, Nuform and the other Lenders.

4. CONDITIONS PRECEDENT FOR PROPOSED ACQUISITION

4.1. The completion of the SPA is conditional upon the fulfilment and satisfaction of, *inter alia*, the following conditions precedent:

- (i) where the terms of any contract to which Nuform is a party contain any restrictions or prohibition on the change of control or shareholding and/or the board of directors of Nuform or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA, written confirmation in a form and on terms (if any) satisfactory to the Company by the counterparties thereto, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate;
- (ii) the completion of a satisfactory due diligence investigation of Nuform (as may be required) by the Company;
- (iii) evidence, as may be required by the Company, that the existing shareholders of Nuform have waived any pre-emption or other right, and gives any consent which may be necessary under the Constitution of Nuform or otherwise in connection with the matters contemplated by the SPA, including without limitation the sale of the Sale Shares;
- (iv) the delivery to, and the receipt by the Company of such waivers or consents as may be necessary to enable the Company to be registered as holder of the Sale Shares;
- (v) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the proposed acquisition of the Sale Shares by the Company having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Company and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect;
- (vi) the Company receiving evidence to its satisfaction that the Subscription Agreement and the shareholders’ agreement to be entered into between the Company, BRC, Ho Lee, NTH and Nuform in relation to Nuform (the “**Shareholders’ Agreement**”), each in such form and substance satisfactory to the Company, shall be or have been duly entered into, and the closing in respect of the Subscription Agreement shall occur, on or immediately after completion of the sale and purchase of the Sale Shares pursuant to the SPA;

- (vii) the delivery to, and the receipt by, the Company of copies of the finalised audited financial statements of Nuform for its financial year commencing 1 January 2015 and ending on 31 December 2015 (the “**Relevant Financial Statements**”), duly certified as true and correct, showing that net assets of Nuform for its 2015 accounting period is not less than S\$16,000,000;
 - (viii) preparation and finalisation of the unaudited management accounts relating to Nuform for the period commencing 1 January 2016 to 31 December 2016 (the “**Management Accounts**”), showing that the net assets of Nuform for its 2016 accounting period is not less than S\$18,500,000 and that there have been no material changes to the affairs of Nuform since 31 December 2015, and the delivery to, and the receipt by, the Company of copies of the same, duly certified as true, correct and prepared in accordance with the same accounting principles as the Relevant Financial Statements;
 - (ix) the delivery to, and the receipt by, the Company of each of the following documents (in such form satisfactory to the Company) by the Vendor:
 - (1) a list of the fixed assets of Nuform;
 - (2) a list of all ongoing and upcoming projects of Nuform; and
 - (3) a list of the current debts of Nuform, including without limitation (a) all obligations of Nuform for borrowed moneys or evidenced by bonds, debentures, notes, letters of credit or other instruments and securities, (b) all obligations of Nuform as lessee under capital leases, (c) all obligations of Nuform to pay the deferred purchase price of property or services, except accounts payable, accrued expenses or trade payables arising in the course of business and (d) all debt of other parties guaranteed by Nuform or secured by a lien or other encumbrance on any of the assets of Nuform, and any encumbrances relating to the assets of Nuform;
 - (x) the delivery to, and the receipt by, the Company of the certified true copies of the Constitution of Nuform and the constitutional documents of Nuformsystem (M) Sdn. Bhd. (the “**JV Company**”) including, without limitation, the register of members, the register of directors, the certificate of incorporation, the memorandum and articles of association, the shareholders’ agreement dated 2 August 2016 entered into between BRC and Nuform in relation to the JV Company (the “**Joint Venture Agreement**”) and any other similar agreements and documents in relation to the JV Company;
 - (xi) evidence satisfactory to the Company that (a) there is no actual or pending litigation, investigation or proceeding affecting Nuform that could reasonably be expected to have a material adverse effect on its business, operations, properties, prospects or condition (financial or otherwise) or (b) no event or matter has occurred that would result in a material adverse change in its business, operations, properties, prospects or condition (financial or otherwise); and
 - (xii) evidence satisfactory to the Company being provided of the continued employment of at least 3 years from the date of the SPA of certain key employees of Nuform.
- 4.2. If the conditions precedent set out in paragraph 4.1 above are not satisfied or waived on or before 31 March 2017 (or such later date as may be mutually agreed by the parties in writing), the Company may, in its sole discretion, terminate the SPA.

5. CONDITIONS PRECEDENT FOR PROPOSED SUBSCRIPTION

Immediately upon the completion of the SPA, closing under the Subscription Agreement will occur simultaneously with disbursement of the Proposed Loan. The closing of the Proposed Subscription is conditional upon the fulfilment and satisfaction of, *inter alia*, the following conditions:

- (i) completion under the SPA;
- (ii) the completion of a satisfactory due diligence investigation of Nuform (as may be required) by the Subscribers;
- (iii) evidence that the Shareholders' Agreement will be entered into, the Loan Agreement will be entered into and the conditions precedent for the disbursements of the loan under the Loan Agreement are satisfied;
- (iv) evidence, as may be required by the Subscribers, that the existing shareholders of Nuform have waived any pre-emption or other right, and gives any consent which may be necessary under the Constitution of Nuform or otherwise in connection with the matters contemplated by the Subscription Agreement, including without limitation the issuance of the Subscription Shares;
- (v) where the terms of any contract to which Nuform is a party contain any restrictions or prohibition on the change of control or shareholding and/or the board of directors of Nuform or include any right to terminate exercisable prior to or as a result of any matter contemplated by the Subscription Agreement, written confirmation in a form and on terms (if any) satisfactory to the Subscribers by the counterparties thereto, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the Subscription Agreement or of any such right to terminate;
- (vi) the delivery to, and the receipt by each Subscriber of such waivers or consents as may be necessary to enable that Subscriber to be registered as holder of the Subscription Shares to be issued and allocated to it;
- (vii) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the proposed subscription by each Subscriber of the Subscription Shares to be issued and allocated to it having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to each Subscriber and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect;
- (viii) the delivery to, and the receipt by, each Subscriber of the copies of the finalised Relevant Financial Statements, duly certified as true and correct, showing that the net assets of Nuform for its 2015 accounting period is not less than S\$16,000,000;
- (ix) preparation and finalisation of the Management Accounts, showing that the net assets of Nuform for its 2016 accounting period is not less than S\$18,500,000 and that there have been no material changes to the affairs of Nuform since 31 December 2015, and the delivery to, and the receipt by, each Subscriber of copies of the same, duly certified as true, correct and prepared in accordance with the same accounting principles as the Relevant Financial Statements;
- (x) the delivery to, and the receipt by, each Subscriber of:
 - (1) a list of the fixed assets of Nuform;

- (2) a list of all ongoing and upcoming projects of Nuform; and
- (3) a list of the current debts of Nuform, including without limitation (a) all obligations of Nuform for borrowed moneys or evidenced by bonds, debentures, notes, letters of credit or other instruments and securities, (b) all obligations of Nuform as lessee under capital leases, (c) all obligations of Nuform to pay the deferred purchase price of property or services, except accounts payable, accrued expenses or trade payables arising in the course of business and (d) all debt of other parties guaranteed by Nuform or secured by a lien or other encumbrance on any of the assets of Nuform, and any encumbrances relating to the assets of Nuform;
- (xi) the delivery to, and the receipt by, each Subscriber of the certified true copies of the Constitution of Nuform and the constitutional documents of the JV Company including, without limitation, the register of members, the register of directors, the certificate of incorporation, the memorandum and articles of association, the Joint Venture Agreement, and any other similar agreements and documents in relation to the JV Company;
- (xii) evidence satisfactory to each Subscriber that (a) there is no actual or pending litigation, investigation or proceeding affecting Nuform that could reasonably be expected to have a material adverse effect on its business, operations, properties, prospects or condition (financial or otherwise) or (b) no event or matter has occurred that would result in a material adverse change in its business, operations, properties, prospects or condition (financial or otherwise);
- (xiii) evidence that Nuform has opened a reserve account designated as such by the Subscribers (the “**Reserve Account**”); and
- (xiv) evidence satisfactory to each Subscriber being provided of the continued employment of at least 3 years from the date of the Subscription Agreement of certain key employees of Nuform.

6. CONDITIONS PRECEDENT FOR PROPOSED LOAN

Immediately upon the completion of the SPA, closing under the Subscription Agreement will occur simultaneously with disbursement of the Proposed Loan. The disbursement of the Proposed Loan is conditional upon the fulfilment and satisfaction of, *inter alia*, the following conditions:

- (i) each Lender has received evidence that closing under the Subscription Agreement has occurred;
- (ii) entry into of the Shareholders’ Agreement;
- (iii) each Lender has notified Nuform and the other Lenders that it has received all of the documents and evidence in form and substance satisfactory to them as set out below:
 - (1) a copy of the constitutional documents of Nuform;
 - (2) a certified true extract of the resolution of the board of directors of Nuform approving the terms of, and the transactions contemplated by, the Loan Agreement, the Account Charge to be entered into between the Company, BRC, Ho Lee and Nuform in relation to Nuform (the “**Account Charge**”), any other document (including guarantees, indemnities and comfort letters) executed by Nuform or any other person as security for

- any obligation of Nuform to a Lender under the Finance Documents and any other document designated as such by the Lenders and Nuform (the “**Finance Documents**”);
- (3) a certified true extract of the resolution of the shareholder(s) of Nuform approving the terms of, and the transactions contemplated by, the Finance Documents;
 - (4) a specimen of the signature of each person authorised on behalf of Nuform to execute or witness the execution of any Finance Document or to sign or send any document or notice in connection with any Finance Document;
 - (5) a certificate of an authorised signatory of Nuform:
 - a. confirming that utilising the aggregate of the commitments of all the Lenders under the Loan Agreement in full would not breach any limit binding on Nuform;
 - b. certifying that each copy document specified in the condition precedent schedule of the Loan Agreement and provided to the Lenders is correct, complete and in full force and effect as at a date no earlier than the date of the Loan Agreement;
 - (6) evidence of the opening of the Reserve Account;
 - (7) evidence required by the Lenders for the purpose of any applicable money laundering regulations;
 - (8) executed originals of the Loan Agreement;
 - (9) executed originals of the Account Charge;
 - (10) evidence (in form and substance satisfactory to the Lenders) that each Lender’s representative has been appointed as a co-signatory of the Reserve Account in accordance with the Shareholders’ Agreement;
 - (11) evidence (in form and substance satisfactory to the Lenders) that completion under the SPA and Subscription Agreement has occurred; and
 - (12) a copy of any other authorisation or other document, opinion or assurance which any Lender has notified Nuform before the date on which the Proposed Loan is made is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, any Finance Document or for the validity and enforceability of any Finance Document (if any);
- (iv) on both the date of the request for the loan and the date on which the Proposed Loan is made:
- (13) the repeating representations under the Loan Agreement are correct in all material respects;
 - (14) no default is outstanding or would result from the making of the Proposed Loan; and
 - (15) there has been no material adverse change or prospective material adverse change in the business, conditions (financial or otherwise), prospects or operating results of Nuform; and
- (v) in respect of the drawdown, the Lenders are satisfied with the results of the winding-up, bankruptcy, cause book, judicial management and writ of seizure and sale searches

conducted against Nuform for the preceding 2 years (including the year of the date on which the Proposed Loan is made).

7. RATIONALE

The Directors believe that the Proposed Transactions will benefit the Company and its shareholders as there are synergistic benefits to be reaped from the investment by the Company. The Company also believes that the Company's investment in Nuform will deepen and strengthen the strategic ties between the Company and Nuform.

8. FINANCING

The Aggregate Consideration will be funded through the Company's internal resources. All proceeds from the Proposed Subscription and the Proposed Loan will be deposited into the Reserve Account and such proceeds shall be used in accordance with the Shareholders' Agreement.

9. FINANCIAL EFFECTS

The financial effects of the Proposed Transactions on the Group set out below are purely for illustrative purposes only and do not reflect the future actual financial position of the Company or the Group following the completion of the Proposed Transactions.

The financial effects of the Proposed Transactions were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("FY2016").

9.1. NET TANGIBLE ASSETS ("NTA")

For illustrative purposes, the financial effect of the Proposed Transactions on the net tangible assets ("NTA") per share of the Group for FY2016, assuming that the Proposed Transactions had been effected as at 30 September 2016 is as follows:

As at 30 September 2016	Before Proposed Transactions	After Proposed Transactions
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	136,040	136,040
Number of issued shares (excluding treasury shares)	229,170,000	229,170,000
Consolidated NTA per share attributable to the shareholders of the Company (cents)	59.4	59.4

9.2. EARNINGS PER SHARE (“EPS”)

For illustrative purposes, the financial effect of the Proposed Transactions on the earnings per share of the Group for FY2016, assuming that the Proposed Transactions had been effected on 1 October 2015 is as follows:

FY2016	Before Proposed Transactions	After Proposed Transactions
Consolidated net profit attributable to the shareholders after tax (S\$'000)	38,093	39,000
Weighted average number of issued shares (excluding treasury shares)	231,151,616	231,151,616
Consolidated EPS (cents)	16.5	16.9

9.3. SHARE CAPITAL

The Proposed Transactions will not have any effect on the share capital and shareholding structure of the Company as it does not involve the allotment and issuance of any new shares in the Company and the Aggregate Consideration is satisfied wholly in cash.

10. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE SGX-ST LISTING MANUAL

The relative figures for the Proposed Transactions computed on the relevant bases set out in Rule 1006 of the SGX-ST Listing Manual and based on the unaudited consolidated financial statements of the Group for the three months ended 31 December 2016 are as follows:

Rule 1006	Bases	%
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	The net profits ⁽¹⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits	-3.8 ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	6.6 ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(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	Not applicable

Notes:

- (1) *“net profits” means profit or loss before income tax, minority interests and extraordinary items.*
- (2) *The net profits of the Group for the 3 months ended 31 December 2016 were S\$4.9 million. For the 3 months ended 31 December 2016, Nuform had a loss of S\$604,127.*
- (3) *The Company’s market capitalisation is based on its total number of issued ordinary shares in the capital of the Company (“Shares”) of 229,170,000 Shares (excluding 10,830,000 treasury shares) and the volume weighted average price of S\$0.44 per Shares on 23 March 2017, being the last trading day for the Shares preceding the signing of the SPA.*

The aggregate value of the consideration is calculated based on Acquisition Purchase Consideration of S\$4,080,000, Subscription Purchase Consideration of S\$1,530,000 and the Loan Commitment of S\$1,000,000.

As the relative figure computed under Rule 1006(c) exceeded 5% but below 20%, the Proposed Transactions constitutes a “discloseable transaction” as defined under Chapter 10 of the Listing Manual SGX-ST.

11. SERVICE CONTRACT

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Transactions.

12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company or their associates has any interest, direct or indirect, in the Proposed Transactions save through their respective shareholdings in the Company (if any).

13. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA, Subscription Agreement and the Loan Agreement is available for inspection at the Company’s registered office at 9 Sungei Kadut Street 2, Singapore 729230 during normal business hours for a period of three months from the date of this announcement.

By Order of the Board

Leo Ting Ping Ronald
Executive Chairman and Chief Executive Officer
24 March 2017