



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

PROPOSED BONUS ISSUE

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Keong Hong Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company is proposing a bonus issue of new ordinary shares in the capital of the Company (the “**Proposed Bonus Issue**”) to its shareholders on the basis of one (1) bonus share, credited as fully paid (“**Bonus Shares**”), for every two (2) existing issued shares in the capital of the Company (“**Shares**”) (including treasury shares) held as at a books closure date (the “**Books Closure Date**”) to be determined by the Directors for the purpose of determining the entitlements of shareholders. Fractional entitlements will be disregarded and disposed of in such manner as the Directors in their absolute discretion deem fit for the benefit of the Company.

The Bonus Shares will be issued pursuant to the general mandate (the “**General Mandate**”) obtained at the annual general meeting of the Company held on 27 January 2014 which authorises the Directors to, *inter alia*, allot and issue new Shares in the Company aggregating up to one hundred per cent (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company on a *pro rata* basis at the time of passing of the General Mandate. The total number of issued Shares (excluding treasury shares) as at the date of the General Mandate was 156,000,000 Shares. As at the date hereof, the Company has not issued any Shares under the General Mandate.

2. TERMS OF THE PROPOSED BONUS ISSUE

Pursuant to the Proposed Bonus Issue, the Bonus Shares will be issued at no cost to the shareholders of the Company without capitalisation of the Company’s reserves and, when allotted and issued, will rank *pari passu* in all respects with the existing issued Shares and with each other, except that the Bonus Shares will not be entitled to any dividends, rights, allotments or other distributions the record date of which falls before the date of allotment and issue of such Bonus Shares.

The actual number of the Bonus Shares that will be issued by the Company will depend on the total number of issued Shares (including treasury shares of the Company) as at the Books Closure Date. Assuming 160,000,000 Shares (including treasury shares of 4,500,000) as at the Books Closure Date, up to 80,000,000 Bonus Shares will be issued pursuant to the Proposed Bonus Issue.

Pursuant to the Companies Act (Chapter 50 of Singapore), the Bonus Shares issued in respect of the treasury shares held by the Company, when allotted and issued, will be held as treasury shares by the Company.

The Bonus Shares will be issued to shareholders of the Company whose names appear in the Register of Members or who have shares entered against their names in the Depository Registrar as at the Books Closure Date. Notice of the Books Closure Date of the Register of Members and the Share Transfer Books of the Company will be given at a later date, after the Listing Approval (as defined below) has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

3. RATIONALE FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue is intended to reward shareholders of the Company for their loyalty, and continuing support for the Company, and is also intended to increase the issued share capital base of the Company as well as to reflect the growth and expansion of the Group’s business.

4. **ADJUSTMENT TO SHARE OPTIONS**

Pursuant to the rules of the Keong Hong Employee Share Option Scheme (the "**KH Share Option Scheme**"), if there is any variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, subdivision, consolidation or distribution, or issues for cash or for shares or otherwise than for cash or otherwise howsoever) shall, at the option of the Remuneration Committee ("**RC**"), make certain adjustments to the options granted to participants under the KH Share Option Scheme, subject to the confirmation by the Company's auditors. As at the date of this announcement, the Company had on 1 October 2013 granted 4,000,000 share options ("**Options**") to employees and director pursuant to the KH Share Option Scheme. The Options are only exercisable 24 months from the date of grant. The Company will announce the details of adjustments to the Options, if any, as and when appropriate..

5. **APPROVAL**

The Proposed Bonus Issue is subject to the Listing Approval (as defined below) being obtained from the SGX-ST and not having been revoked or amended.

The sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd., will be submitting an application on behalf of the Company to the SGX-ST for the listing and approval of the Bonus Shares on the Catalist. The Company will make the necessary announcements once the listing and quotation notice for the listing and quotation of the Bonus Shares on the Catalist (the "**Listing Approval**") is obtained from the SGX-ST.

6. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Bonus Issue other than through their respective shareholdings in the Company.

7. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquires that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Bonus Issue, the Company and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

8. **CAUTIONARY STATEMENT**

Shareholders and potential investors should note that the Proposed Bonus Issue is subject to, *inter alia*, the necessary approvals being obtained by the Company and are therefore advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
Dated: 8 May 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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.