KLW HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
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MEDIA RELEASE

KLW Holdings acquires 45.45% of Mega Sun for RMB 85 million

- ***Mega Sun holds 55% equity in Suzhou Jiaxin Real Estate Development Company Limited, a property development and construction player in Suzhou***
- ***KLW's second foray into the real estate business, after its recent acquisition of a Melbourne property for A$23.6 million***
- ***Both acquisitions are to be funded from proceeds from various completed fund raising exercises***

SINGAPORE (27 October 2014) - KLW Holdings Limited ("**KLW**" and together with its subsidiaries, the "**Group**"), an investment holding company with an established business in the manufacturing and distribution of engineered doors, is making its second foray into the real estate business, following an earlier acquisition of a Melbourne property in September.

The Group today announced that it has entered into a sale and purchase agreement with Prosperity Real Estate Holdings Limited ("**Prosperity Real Estate**"), a wholly-owned subsidiary of Hong Kong-listed real estate player, Prosperity International Holdings (H.K.) Limited ("**Prosperity International**"), to acquire a 45.45% stake in Mega Sun Development Limited (宏日發展有限公司) ("**Mega Sun**") for RMB 85 million (approximately S$17.68 million), which will be funded through proceeds derived from prior fund raising exercises (the "**Proposed Acquisition**").

Mega Sun holds a 55% equity interest in PRC-based Suzhou Jiaxin Real Estate Development Company Limited (苏州市嘉欣房地产开发有限公司) ("**Suzhou Jiaxin**") which is currently developing Fu Yuan Luxury Villas ("**Fu Yuan**"), in Suzhou, featuring 51 luxurious villa units.

Located next to the scenic Tai Hu Lake, the project which is slated for completion around 2017, will be targeted at the upper income market, with an aim to attract buyers and holiday-makers from nearby cities such as Shanghai. The development is expected to be launched sometime in the last quarter of 2014. Post the Proposed Acquisition, the Group will have a 25% stake in Suzhou Jiaxin through its 45.45% shareholding in Mega Sun.

As the relative figure for the Proposed Acquisition computed pursuant to Rule 1006(b) of Chapter 10 of the listing manual, Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**") is a negative figure, KLW shall be consulting the SGX-ST through its Sponsor, in accordance with Rule 1007(1) of the Catalist Rules, on whether shareholders' approval will be required for the Proposed Acquisition.

KLW will make further announcements on the outcome of the consultation with the SGX-ST and convene an EGM seeking shareholders' approval for the Proposed Acquisition, if required.

KLW's Chairman, **Prince Abdul Qawi of Brunei**, said, "This investment offers a unique opportunity for KLW to invest in a premium residential project in the scenic region of Suzhou, world-renowned for its stunning architecture and landscape. It is an achievement in design in the way it blends modern luxury with traditional Suzhou-styled architecture. Its location is also attractive, being situated near metropolitan Shanghai. As such, we are expecting it to be a big draw to buyers locally as well as internationally."

This latest acquisition follows the recent purchase of a seven-storey freehold property located at 301 Flinders Lane, Melbourne, Victoria, Australia, for A$23.6 million (approximately S$26.1 million). Located in Melbourne's prime central

business district, the property is currently fully-leased to blue chip tenant and leading Australian university, Victoria University, with its lease expiring on 30 October 2020.

Managing Director of the Group, **Mr Lee Boon Teck** said, “Following our acquisition in Melbourne, Australia, we are happy to add another development with good value and capital appreciation potential to our portfolio. With the acquisition, we have also managed to connect with Prosperity International as a potential strategic partner through the network of our non-executive Chairman, Prince Abdul Qawi of Brunei. Prince Qawi’s appointment to our Board has given us a competitive edge and we hope to be able to continue to benefit from his excellent network of contacts for future acquisition targets as we grow the property investment arm of our business.”

Mr Lee added, “By undertaking the proposed acquisition, the Group will have an investment in a company that is involved in property development, allowing the Group to gain experience and build a track record in the property development business. Moreover, as the Suzhou project is nearing completion, a shorter time frame would be required before returns can be realised, with no additional funding required from the Group, making it a win-win situation for us.”

About KLW Holdings Limited

First incorporated in Singapore on 15 June 1995, KLW Holdings Limited is an investment holding company mainly engaged in door manufacturing, residential projects management and property leasing.

With manufacturing bases in Malaysia and China, its high value and quality door sets are supplied to well-known quality home improvement and DIY chain-stores and distributors throughout Europe, USA, Middle East and Asia. In Singapore, it supplies quality doors to several residential developments, including The Wharf Residence, Waterfront Key, Sophia Residence and The Minton.

About Prosperity International Holdings (H.K.) Limited

Listed on the Stock Exchange of Hong Kong since 2001, Prosperity International is one of the leading clinker and cement trading operators in the PRC, covering several overseas markets.

One of the core businesses of Prosperity International is real estate investment and development in the PRC. It also operates a public port and warehouse and a production facility of slag powder in Jiangsu Province.

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