



**KLW HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

Company Registration No.199504141D

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**(A) SETTING UP OF SUBSIDIARY**  
**(B) PROPOSED JOINT VENTURE IN INDONESIA**

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**(A) SETTING UP OF SUBSIDIARY**

The Board of Directors (the “**Board**”) of KLW Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that in connection with the Company’s property development and property investment business, the Company has, on 1 March 2017, incorporated a new wholly-owned subsidiary in Singapore known as “**Ambertree Indonesia Ventures Pte Ltd**” (“**AIV**”). AIV is incorporated with an issued and paid-up capital of S\$10.00 comprising 10 ordinary shares. The principal activity of AIV is investment holding.

AIV has been incorporated in connection with the Company's diversification into the property development and property investment business, details of which are set out in the Company's circular to shareholders dated 9 January 2015.

The incorporation of AIV is funded through internal resources and is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 March 2017.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the incorporation of AIV.

**(B) PROPOSED JOINT VENTURE IN INDONESIA**

**1. INTRODUCTION**

The Board is also pleased to announce that AIV has on 1 March 2017 entered into a non-binding memorandum of understanding (the “**MOU**”) with PT Codefin, an Indonesian domiciled entity, in relation to a proposed joint venture (the “**Proposed Joint Venture**”). Pursuant to the MOU, AIV and PT Codefin will form a joint venture company (the “**JV Co.**”) in Indonesia with AIV and PT Codefin (or its affiliate) holding 65% and 35% shareholding in the JV Co. respectively.

The JV Co. is to be established for the purpose of acquiring a piece of land located at Jalan R.A. Kartini No. 18, Jakarta, Indonesia (the “**Land**”) from PT Karya Propertindo Investama (“**PT KPI**”), an affiliate of PT Codefin, for an aggregate consideration of IDR 285 billion (equivalent to S\$29.95 million\*) (the “**Purchase Price**”), subject to the JV Co. obtaining all licences that it requires to purchase the Land. It is intended for the JV Co. to develop a mixed used residential development with retail and commercial component on the Land (the “**Proposed Project**”).

The terms of the Proposed Joint Venture and the proposed acquisition of the Land will be set out in definitive agreements (the “**Agreements**”) to be entered into between PT Codefin (or its affiliate) and AIV, and PT KPI and the JV Co. respectively.

Pursuant to the MOU, PT Codefin has granted AIV exclusive rights for a period of up to two months from the date of execution of the MOU to carry out due diligence on the Land and Proposed Project (“**Due Diligence**”). The parties shall use their best endeavours to establish the JV Co. no later than one month from the completion of the Due Diligence to the satisfaction of AIV, subject to approvals from the relevant government authorities in Indonesia.

## **2. INFORMATION ON THE LAND AND PT CODEFIN**

The Land has a total area of approximately 7,500 m<sup>2</sup>. Based on a valuation report (“Valuation Report”) dated 28 February 2017 commissioned by the Group and carried out by a certified independent valuer, the market value of the Land as at 31 December 2016 is approximately IDR 306.9 billion (equivalent to S\$32.2 million\*) based on market data comparison approach valuation method.

PT Codefin is a privately owned real estate development company predominately operates in Jakarta, Indonesia. PT Codefin specialises in the conceptualisation, building and developing of commercial portfolios ranging from hotels, malls and office buildings to high rise residential development units.

The shareholders of PT Codefin are independent third parties who are not related to any director or shareholder of the Company.

PT Codefin has represented in the MOU that its affiliate, PT KPI is the legal owner and has full control over the Land. Upon establishing the proposed JV Co. and satisfaction of the Due Diligence process, PT Codefin shall cause PT KPI to carry out the transfer of the legal title of the Land to the proposed JV Co.

## **3. RATIONALE FOR THE JOINT VENTURE**

The Company believes that the Joint Venture is beneficial to the Company and its shareholders as:

- (1) it provides the Group with the opportunity to acquire land located in a prime district of South Jakarta and achieve potential upside through development of the Land;
- (2) it will allow the Company to expand its property investment and development portfolio into Indonesia; and
- (3) it allows the Group to tap on the expertise and network of its joint venture partners for the development of real estate projects into Indonesia.

\* based on exchange rate of SGD 1 : IDR 9517 [source: [google.com/finance/currency](http://google.com/finance/currency)]

#### **4. PURCHASE CONSIDERATION**

The Purchase Price of the Land is approximately IDR 285 billion (equivalent to S\$29.95 million\*) and was arrived at on a willing buyer willing seller basis. The consideration will be funded by the JV Co. through capital contributions by the parties in proportion with their respective shareholdings in the JV Co. Accordingly, AIV will invest approximately IDR 185.3 billion (equivalent to S\$19.47 million\*) in the proposed JV Co. (the “**Investment**”), being 65% of the Purchase Price.

The Investment will be funded by the internal resources of the Company. Any future development cost of the Land will be funded through a combination of internal resources and external borrowings.

#### **5. TERMS OF PAYMENT**

Within seven business days after the execution of the MOU, the Group will pay an sum of S\$8.98 million, which is 30% of the Purchase Price, as a deposit to PT Codefin under an escrow account to be opened with a licensed bank in Singapore. The deposit shall be transferred to the JV Co. on its establishment as a partial payment of AIV's Investment in the JV Co. upon completion of the Due Diligence to the satisfaction of AIV. In the event that AIV is not satisfied with the result of the Due Diligence and decides not to proceed with the Joint Venture, the deposit will be fully refunded to the Group.

#### **6. TRANSFER OF LAND**

Provided that the JV Co. has obtained all licences that it needs to purchase the Land, PT Codefin shall cause PT KPI to transfer the Land to the JV Company no longer than one month after the establishment of the JV Company. The JV Company shall procure that the building floor coefficient for the Proposed Project is 1:3.

#### **7. ILLUSTRATIVE FINANCIAL EFFECTS**

##### **7.1 Bases and Assumptions**

The *pro forma* financial effects of the Joint Venture on the Company have been computed based on the audited full year financial statements of the Group for the financial year ended 31 March 2016 (“**FY2015/16**”). Such financial effects have been prepared purely for illustrative purposes only and do not reflect a projection of the actual future financial performance or financial position of the Group following the consummation of the Joint Venture.

##### **7.2 Net Tangible Assets (“NTA”)**

For purely illustrative purposes only, assuming the Joint Venture had been effected on 31 March 2016, being the end of the most recently completed financial year of the Group, the effect of the JV Co. on the NTA per share of the Company (“**Share**”) for FY2015/16, is as follows:

<b>SGD'000</b>	<b>Before the Joint Venture</b>	<b>After the Joint Venture</b>
<b>NTA</b>	78,988	78,988
<b>Add: Consolidation of JV Co.<sup>(1)</sup></b>	-	29,946
<b>Less: Cash consideration</b>	-	(19,465)
<b>Adjusted NTA</b>	78,988	89,469
<b>NTA per Share<sup>(2)</sup></b>	1.46	1.66
<b>NTA per Share attributable to equity holders of the Company</b>	1.46	1.46

Notes:

- (1) This refers to the post-acquisition consolidation of JV Co's NTA that consist of the Land worth S\$32.8 million, assuming the Group controls the JV Co. and the JV Co. is treated as the Group's majority owned foreign subsidiary. The remaining 35% of the JV Co. is treated as non-controlling interest and is classified as Equity in Balance Sheet.
- (2) Calculated based on total of 5,380,566,316 issued Shares as at 31 March 2016.
- (3) NTA per Share attributable to equity holders of the Company is computed after excluding the 30% portion of equity ownership in JV Co. not attributable to the equity holders of the company

### 7.3 Earnings Per Share ("EPS")

Assuming the Joint Venture had been effected on 1 April 2015, being the beginning of the most recently completed financial year of the Group, the EPS of the Company for FY2015/16 would have remain unchanged at 0.07 Singapore cents.

## 8. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

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

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profit / (loss) attributable to the Group's investment in the JV Co., compared with the Group's net profit / (loss). <sup>(1)</sup>	Not meaningful
(c)	The aggregate value of the consideration given compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares <sup>(2)</sup>	30.14%

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures</b>
(d)	The number of equity securities issued by the Company as consideration for the Joint Venture, compared with the number of equity securities of the Company previously in issue.	Not applicable as there is no issuance of equity securities for the Joint Venture
(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 as the Company is not a mineral, oil and gas company

**Notes:**

- (1) The proposed JV Co. is a newly established company pursuant to the Joint Venture and does not have profit or loss attributable to it. Similarly, there is no profit or loss attributable to the Land as it is presently vacant and is not revenue-generating.
- (2) Market capitalisation of approximately S\$64.57 million has been calculated on the basis of 5,380,556,316 Shares in issue multiplied by the volume weighted average price of the Shares transacted on the SGX-ST on 28 February 2017, being the full market day prior to 1 March 2017 on which Shares were last traded on the SGX-ST.

As the relative figure under Rule 1006(c) exceeds 5% but does not exceed 75%, the Joint Venture constitutes a discloseable transaction pursuant to Rule 1010 of the Catalist Rules.

## **9. FURTHER INFORMATION**

### **9.1 Directors' Service Contracts**

No person is proposed to be appointed as a director of the Company in connection with the Joint Venture and Proposed Project. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

### **9.2 Interests of Directors and Controlling Shareholders of the Company**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Joint Venture.

## **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the MOU and the Valuation Report will be made available during normal business office hours at the registered office of the Company at No. 2 Kallang Avenue, CT Hub #07-03 /04 Singapore 339407 for a period of three months commencing from the date of this announcement.

## 11. CAUTIONARY STATEMENT

Shareholders are advised that at this stage, no definitive agreement has been entered into and consummation of the Joint Venture is subject to certain conditions precedent, including the outcome of the Due Diligence being satisfactory to the Group. Accordingly, there is no certainty or assurance that any transaction will result from the abovementioned subject matter and that if it does, it would be on the terms referred to above.

Shareholders are advised to exercise caution in dealings with the Shares, and to read this announcement and any further update announcement(s) released by the Company carefully. Shareholders 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**

KLW Holdings Limited

Gloria Wong

1 March 2017

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

*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 correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Howard Cheam Heng Haw (Telephone: +65 6232 0685) at R & T Corporate Services Pte. Ltd., 9 Battery Road, #25-01, Singapore 049910.*