



KLW HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 199504141D

- (A) **SETTING UP OF A WHOLLY-OWNED SUBSIDIARY**
 - (B) **ACQUISITION OF PROPERTY IN AUSTRALIA**
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(A) **SETTING UP OF A SUBSIDIARY**

The Board of Directors (the “**Board**” or the “**Directors**”) of KLW Holdings Limited (the “**Company**” and the Company together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 25 September 2014 incorporated a wholly-owned subsidiary in Singapore, known as Ambertree Vic-Mel (Flinders) Pty Ltd (“**Ambertree**”) in Australia, with an initial issued and paid-up capital of A\$2.00 comprising of two (2) ordinary shares.

Ambertree will hold the Acquired Property (as defined below) following completion of the Acquisition (as defined below).

The incorporation of Ambertree was funded through internal resources and is not expected to have any material financial impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the current financial year ending 31 March 2015.

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest in the said incorporation, save for their interests arising by way of their directorships and/or shareholdings, as the case may be, in the Company.

(B) **ACQUISITION OF PROPERTY IN AUSTRALIA**

1. **INTRODUCTION**

The Board of Directors of the Company is pleased to announce that the Company has entered into a purchase agreement (“**Purchase Agreement**”) with Victoria University (“**Victoria**”) to acquire the property located at 301 Flinders Lane, Melbourne, Victoria (the “**Acquired Property**”) in Australia (the “**Acquisition**”).

2. **DETAILS OF THE ACQUISITION**

2.1 **DETAILS OF THE ACQUIRED PROPERTY**

Pursuant to the Purchase Agreement, the Company will through its wholly-owned subsidiary, Ambertree, be the legal and beneficial owner of the Acquired Property.

The Acquired Property is located at 301 Flinders Lane, Melbourne, Victoria, Australia. This is a prime freehold property within Melbourne central business district and is a stone’s throw away from Collins Street financial district.

The seven storey building is currently 100% leased to a blue chip tenant; Victoria University, one of Australia's leading universities with its lease expiring on 30 October 2020. The Acquired Property has a freehold tenure with a land area of approximately 895 square metres with three street frontages siting in Melbourne's prime central business district providing average rental yield of approximately 5.8% per annum for the Group during the duration of the lease on the basis of a Total Consideration of A\$23,600,000 (approximately S\$27,564,800 million⁽¹⁾).

Note:

(1) Based on the exchange rate of A\$1 to S\$1.168 as at the date of this announcement.

2.2 CONDITION PRECEDENT OF THE ACQUISITION

Completion of the Acquisition is conditional on the occurrence of the payment of the Balance Consideration (as defined below). Completion of the Acquisition is expected to occur on 20 November 2014 ("**Completion**").

2.3 CONSIDERATION

The consideration for the Acquisition shall be an aggregate amount of A\$23,600,000 (approximately S\$27,564,800 million) ("**Total Consideration**").

The Company has paid as deposit of the Acquisition an amount of A\$2,360,000 (approximately S\$2,756,480 million) (the "**Initial Deposit**"). The remaining balance of A\$21,240,000 (approximately S\$24,808,320 million) (the "**Balance Consideration**") shall be paid on date of Completion.

The Company is funding the Acquisition through the proceeds of the various completed fund raising activities.

2.4 BASIS FOR THE CONSIDERATION

The Total Consideration was arrived at on a willing buyer-willing seller basis taking into account the following factors:-

- (a) the lease income from the Acquired Property; and
- (b) the rationale for the Acquisition as elaborated in section 2.5 below.

2.5 RATIONALE FOR THE ACQUISITION

The Directors believe that the Acquisition is a strategic investment and that the Acquired Property will add tangible benefit and value in terms of providing an average rental yield of approximately 5.8% per annum for the Group during the duration of the lease ending on 30 October 2020 and on the basis of a Total Consideration of A\$23,600,000 (approximately S\$27,564,800 million).

The Company's newly appointed Chairman Prince Abdul Qawi said "*This quality asset will provide immediate cash flow and returns for the Group as a mid-term investment with great potential for capital appreciation while having the potential opportunity for future re-development*".

2.6 THE ACQUISITION IS A DISCLOSEABLE TRANSACTION AND OTHER INFORMATION

For the purposes of Chapter 10 of the listing manual, Section B: Rules of Catalyst of the SGX-ST (“**Catalist Rules**”) and based on the latest announced audited financial statements for the Group for the financial year ended 31 March 2014, the relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules are as follows:

Rule	Relative Computation	Size of relative figure
1006(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable
1006(b)	Net profits attributable to the assets acquired, compared with the Group’s net profits	362% ⁽¹⁾
1006(c)	Aggregate value of consideration given, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	28.5% ⁽²⁾
1006(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
1006(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) The net profit of Acquired Property refers to the gross rent received from Victoria University for the 12 month period from 20 November 2014 to 20 November 2015. The Group’s net profit relates to the net profit before tax as at 31 March 2014.
- (2) The Company’s market capitalisation is computed based on the Company’s issued and paid-up share capital of 5,380,556,316 shares in issue as at the date of this announcement and on a volume weighted average price of S\$0.018 for each share traded on the SGX-ST on 29 September 2014 (being the full market day immediately preceding the date of the this announcement).

Based on the relevant figures computed under Rule 1006 of the Catalyst Rules, as the relative figures under Rule 1006(b) and (c) exceed 5%, the Acquisition constitutes a discloseable transaction.

The Acquisition is not a major transaction for the purposes of Chapter 10 of the Catalyst Rules notwithstanding that the relative figure under Rule 1006(b) exceeds 75%. It is provided in Rule 1014 that the rule does not apply in the case of the acquisition of

profitable assets if the only limit breached is Rule 1006(b). Accordingly, the Acquisition constitutes a discloseable transaction under the provisions of Rule 1010 of the Catalyst Rules but does not require the approval of the shareholders of the Company.

3. FINANCIAL EFFECTS OF THE ACQUISITION

- (a) For purposes of illustration, the financial effects of the Acquisition is based on, *inter alia*, the following assumptions:
- (i) the financial effects of the Acquisition are purely for illustrative purposes and should not be taken as an indication of the actual financial performance or position of the Group following the Acquisition nor a projection of the future financial performance or position of the Group after completion of the Acquisition;
 - (ii) for the purpose of computing the financial effects of the Acquisition on the earnings of the Group, the Acquisition are assumed to have been completed on 1 January 2013;
 - (iii) for the purpose of computing the financial effects of the Acquisition on the NTA of the Group, the Acquisition are assumed to have been completed on 31 March 2014; and
 - (iv) the financial effects of the Acquisition are based on the Group's audited financial statements for the financial year ended 31 March 2014.

(b) Net Tangible Assets ("NTA")

	As at 31 March 2014	
	Before the Acquisition	After the Acquisition
NTA	S\$24,378,604	S\$24,378,604
No. of shares	2,440,278,158	2,440,278,158
NTA per share (Singapore cents)	1.00	1.00

(c) Earnings per Share ("EPS")

	For financial year ended 31 March 2014	
	Before the Acquisition	After the Acquisition
Net profit attributable to shareholders	S\$171,655	S\$171,655
Weighted average number of shares used	1,273,187,561	1,273,187,561
Basic EPS (Singapore cents)	0.013	0.013

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 4.1 None of the Directors' (in so far as the Directors are aware) and none of the controlling Shareholders, has any interest, direct or indirect in the Acquisition.

	Number of Shares			
	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Lee Boon Teck	980,428,000	18.2	3,414,000 ⁽¹⁾	0.1
Teo Hin Guan	4,160,000	0.08	-	-
Substantial Shareholders				
Lee Boon Teck	980,428,000	18.2	3,414,000 ⁽¹⁾	0.1
Prince Abdul Qawi	-	-	500,000,000 ⁽²⁾	9.3

Notes:

(1) Lee Boon Teck's deemed interest comprises 3,414,000 shares of the Company held in the name of DBS Nominees Pte. Ltd.

(2) Prince Abdul Qawi's deemed interest comprises 500,000,000 shares of the Company held in the name of UOB Kay Hian Pte. Ltd.

- 4.2 There will be no new director appointed pursuant to the Acquisition. Shareholders are to note that the Company has made an announcement separately, the appointment of Prince Abdul Qawi as the non-executive chairman of the Group.

5. SERVICE AGREEMENT(S)

No person will be appointed to the board of directors of the Company in connection with the Acquisition and no service contracts in relation thereto will be entered into by the Company.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Purchase Agreement will be made available for inspection during normal business hours at the Company's registered office at 19 Senoko Loop, Singapore 758169 for a period of three (3) months commencing from the date of this announcement.

7. FOLLOW UP ANNOUNCEMENT/ FURTHER INFORMATION

The Company will make the necessary follow-up announcement(s) as and when required and/or material developments arise in respect of the Acquisition.

In the meantime, the Board wishes to advise Shareholders to exercise caution in their dealings in Shares and to refrain from taking any action in relation thereto, until they have sought their own financial and legal advice where appropriate.

FOR AND ON BEHALF OF THE BOARD

Lee Boon Teck
Managing Director
KLW Holdings Limited

30 September 2014

*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of 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 document, including the correctness of any of the statements or opinions made or reports contained in this announcement. The details of the contact person for the Sponsor are:

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