

KIAN HO BEARINGS LTD
(Incorporated in the Republic of Singapore)
(Company Registration No.: 197302030N)

- (A) **THE COMPLETION OF PROPOSED INTERNAL GROUP RESTRUCTURING; AND**
- (B) **THE PROPOSED CHANGE OF NAME OF THE COMPANY TO “RAFFLES UNITED HOLDINGS LTD”.**
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1. INTRODUCTION

All capitalised terms in this announcement (the “**Announcement**”) which are not defined herein shall have the same meaning ascribed to them in the announcement of the Company dated 11 September 2014.

The board of directors (the “**Board**”) of Kian Ho Bearings Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement of the Company dated 11 September 2014 in relation to, among others, the incorporation of two new wholly-owned subsidiaries to effect an internal Group restructuring, and the proposed expansion of the Group’s core business to include property investment and property development.

The Board wishes to announce that:

- (1) The Proposed Internal Group Restructuring has been completed on 1 October 2014. Pursuant to the Proposed Internal Group Restructuring, the Company and its wholly-owned subsidiary, Kian Ho Pte Ltd (“**KHPL**”), have also entered into a transfer of bearings and seals business agreement (“**Transfer Agreement**”) on 1 October 2014; and
- (2) The Company proposes, subject to the approval of shareholders of the Company, to change the name of the Company from “Kian Ho Bearings Ltd” to “Raffles United Holdings Ltd” (the “**Proposed Change of Name**”).

2. COMPLETION OF PROPOSED INTERNAL GROUP RESTRUCTURING

2.1 Rationale and details of the Proposed Internal Group Restructuring

The rationale for the Proposed Internal Group Restructuring is to improve core business focus and accountability within the Group. This is also in line with the proposed expansion of the business of the Company to include property investment and property development as mentioned in the announcement of the Company dated 11 September 2014.

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013, the book value and net tangible asset value of the assets to be disposed pursuant to the Internal Group Restructuring is S\$39,156,000.

2.2 Details of the Transfer Agreement

Under the Transfer Agreement, the Company has agreed to transfer the bearings and seals business carried on by the Company including the bearings and seals inventory (the “**Business**”) as a going concern to KHPL on the terms set out in the Transfer Agreement.

The Company shall transfer to KHPL the Business amounting to the sum equal to the net book value of the bearings and seals inventory of S\$35,074,000 and S\$5,043,000 respectively, and a total of S\$40,117,000, as at 30 September 2014 (the “**Transfer Date**”) to the intent that as from the Transfer Date the bearings and seals inventory shall be owned by, and the Business shall be, and shall be deemed to have been, carried on by KHPL. As between the Company and KHPL the transfer of the Business shall be deemed to have had effect from the close of business on the Transfer Date.

The consideration for the transfer of the Business shall be the sum equal to the net book value of the bearings and seals inventory of S\$35,074,000 and S\$5,043,000 respectively, and a total of S\$40,117,000, and shall be satisfied by KHPL through an intra-group amount owing to the Company which will be repayable upon demand by the Company.

2.3 Relative Figures Computed Pursuant to Rule 1006 of the Listing Manual

The relative figures for the Proposed Internal Group Restructuring (the “**Relative Figures**”) computed on the bases of assessment pursuant to Rule 1006 (a) to (e) of the Listing Manual of the SGX-ST (the “**Listing Manual**”) are set out below, based on the latest unaudited announced consolidated accounts of the Group for the half year ended 30 June 2014:

Rule	Bases	Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value	47% ⁽¹⁾
1006(b)	Net profits attributable to the assets disposed of, compared with the Group’s net profits	50% ⁽²⁾
1006(c)	Aggregate value of the consideration received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares	78% ⁽³⁾
1006(d)	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 ⁽⁴⁾
1006(e)	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) The net asset value of the asset to be disposed of, based on the latest announced unaudited accounts of the Group for the half year ended 30 June 2014 prior to the date of the Transfer Agreement, is approximately S\$36.5 million. The unaudited Group net asset value as at the financial period ended 30 June 2014 is approximately S\$77.2 million.
- (2) The net profit before tax, minority interest and extraordinary items attributable to the assets disposed of for the financial period ended 30 June 2014, being the latest announced unaudited profit and loss accounts prior to the date of the Transfer agreement, is approximately S\$0.3 million. The unaudited net profit before tax, minority interest and extraordinary items attributable to the Group for the financial period ended 30 June 2014 is approximately S\$0.6 million.
- (3) The aggregate value of the consideration for the Proposed Internal Group Restructuring is equivalent to the net book value of the inventory being S\$36.5 million. The market capitalisation of the Company as at 30 September 2014 (being the last market day preceding the date of the Transfer Agreement during which trades were conducted) is S\$46.8 million.
- (4) No equity securities are being issued by the Company as consideration for the disposal of assets.

As the relative figures computed on the basis set out in Rule 1006(a), (b) and (c) of the Listing Manual exceed 20%, the Proposed Internal Group Restructuring constitutes a major transaction pursuant to Rule 1014 of the Listing Manual. However, the Proposed Internal Group Restructuring involves the Company and its wholly-owned subsidiary and there will not be any third parties involved. As such, there will be no net gains or losses and no excess

or deficit over the book value at the Group level (apart from transactional costs such as professional fees), as well as no significant impact on the net asset value of the Group, as a result of the Proposed Internal Group Restructuring.

The Proposed Internal Group Restructuring does not require shareholders' approval as it does not fall within the ambit of Chapter 10 of the Listing Manual. However, since the relative figures under Rule 1006(a), (b) and (c) of the Listing Manual exceed 20%, the Company would be required to make an announcement that complies with Rule 1010 of the Listing Manual in relation to the Proposed Internal Group Restructuring.

2.4 Financial Effects

The Proposed Internal Group Restructuring was financed through internal resources and is not expected to have any material impact on the net tangible assets per share of the Group, assuming that the Proposed Internal Group Restructuring had been completed on 31 December 2013, and the earnings per share of the Group, assuming that the Proposed Internal Group Restructuring had been completed on 1 January 2013.

2.5 Interest of Directors and Controlling Shareholder

None of the directors or controlling shareholder of the Company (other than in their capacity as directors or shareholders of the Company) have any interests (direct or indirect) in the Proposed Internal Group Restructuring.

2.6 No Service Contracts

No person will be appointed to the Board in connection with the Proposed Internal Group Restructuring and no service contracts in relation thereto will be entered into by the Company.

2.7 Documents for Inspection

A copy of the Transfer Agreement is available for inspection during normal business hours at the Company's registered office at 5 Changi South Street 3, Singapore 486117 for a period of three months commencing from the date of this Announcement.

3. CHANGE OF NAME OF THE COMPANY FROM "KIAN HO BEARINGS LTD" TO "RAFFLES UNITED HOLDINGS LTD"

3.1 Rationale for the Proposed Change of Name

The Board refers to the announcement of the Company dated 11 September 2014 in relation to, among others, the proposed expansion of the Group's current core business to include property investment and property development, subject to shareholders' approval being obtained, and the completion of the Proposed Internal Group Restructuring as set out in Section 2 of this Announcement.

The Board believes that the Proposed Change of Name will more appropriately reflect the expansion and growth of the Group's businesses beyond its existing bearings and seals operations.

3.2 Approvals

An application was made to the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") to reserve the name "Raffles United Holdings Ltd". The application has been approved on 16 September 2014 and the name has been reserved for a period of 60 days from the date of the application, and may be reserved for a further period of 60 days upon application for an extension.

Accordingly, an Extraordinary General Meeting ("**EGM**") will be convened by the Company to seek shareholders' approval for the Proposed Change of Name as a special resolution, notice of which will be announced in due course. A circular containing, *inter alia*, further details of the proposed Change of Name, together with a notice of the EGM in connection therewith, will be despatched to shareholders in due course.

Upon receipt of shareholders' approval for the Proposed Change of Name, the Company shall adopt "Raffles United Holdings Ltd" as its new name with effect from the registration of such name with the ACRA, and the name "Raffles United Holdings Ltd" shall replace all references to "Kian Ho Bearings Ltd" wherever it appears in the Company's Memorandum and Articles of Association.

3.3 No Replacement of Share Certificates Required

Shareholders should note that notwithstanding the Proposed Change of Name, the Company will not recall any existing share certificates of the Company from shareholders and such share certificates will continue to be *prima facie* evidence of legal title. No further action is required on the part of shareholders in respect of their existing share certificates.

3.4 Announcements

Further announcements will be made when the Proposed Change of Name has become effective and unconditional and/or when necessary and appropriate.

BY ORDER OF THE BOARD

Yeo Wee Kiong
Chairman
1 October 2014, Singapore