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

ANNOUNCEMENT

MANDATORY UNCONDITIONAL CASH OFFER FOR KIAN HO BEARINGS LTD

The Board of Directors (the "**Board**") of Kian Ho Bearings Ltd ("**KH**" or the "**Company**") wishes to refer shareholders of the Company ("**Shareholders**") to the announcement dated 4 June 2014 (the "**Offer Announcement**") made by Raffles United Pte. Ltd. (the "**Offeror**"), in respect of a mandatory unconditional cash offer (the "**Offer**") for all the ordinary shares in the capital of the Company (the "**KH Shares**") not already owned, controlled or agreed to be acquired by the Offeror.

A copy of the Offer Announcement is attached to this announcement and is also available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com. Shareholders are advised to review the Offer Announcement in its entirety and carefully, in particular, for details of the Offer, information on the Offeror and its concert parties, the rationale for the Offer and the Offeror's intentions for the Company in respect of the listing status of the Company.

The Board will be appointing an independent financial adviser (the "**IFA**") to advise the Directors of the Company who are considered independent for the purposes of the Offer (the "**Independent Directors**"). A circular (the "**Offeree Circular**") containing, *inter alia*, the advice of the IFA and the recommendation of the Independent Directors will be sent to Shareholders within 14 days from the date of despatch of the offer document to be issued by the Offeror in connection with the Offer.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their KH Shares which may be prejudicial to their interests until they or their professional advisers have considered the information and the recommendations of the Independent Directors as well as the advice of the IFA set out in the Offeree Circular to be issued by the Company in due course. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

The Directors of the Company (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts have been omitted from this announcement.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement), the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

By Order of the Board

Yeo Wee Kiong
Chairman
5 June 2014, Singapore

RAFFLES UNITED PTE. LTD.
(Company Registration No. 201333500K)
A Company Registered in the Republic of Singapore

OFFER ANNOUNCEMENT FOR MANDATORY UNCONDITIONAL CASH OFFER - ACQUISITION OF SHARES IN KIAN HO BEARINGS LTD

1. INTRODUCTION

The Board of Directors of Raffles United Pte. Ltd. (the "**Offeror**") is pleased to announce that the Offeror has today purchased a total of 73,192,000 ordinary shares in Kian Ho Bearings Ltd ("**KH**"), representing approximately 31.27% of the issued and paid-up share capital of KH, at S$0.235 in cash per share, excluding brokerage and other transaction cost (the "**Acquisition**"), based on 234,060,000 KH shares in issue as at 4 June 2014.

Following the Acquisition, the Offeror, together with its concerted parties, owns 123,228,000 ordinary shares in the capital of KH ("**KH Shares**"), representing approximately 52.65% of its issued and paid-up capital. In accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore and Rule 14 of The Singapore Code on Take-overs and Mergers (the "**Code**"), and subject to the terms and conditions set out in the formal offer document to be issued by the Offeror (the "**Offer Document**"), the Offeror will make a mandatory unconditional cash offer (the "**Offer**") for all the remaining KH Shares in issue not already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it ("**Offer Shares**") at a price of S$0.235 in cash for each Offer Share (the "**Offer Price**").

The consideration for the Acquisition amounts to S$17.2 million and was determined at arm's length and on a willing-buyer and willing-seller basis taking into account, amongst others, the prevailing market price of the KH Shares. The above consideration was funded by the Offeror and its concerted parties through its internal resources.

Based on the Offer Price, the total additional consideration for the Offer Shares would amount to approximately S$18.7 million.

The Offer Price is final. The Offeror does not intend to revise the Offer Price.

The Offer Shares will be acquired (a) fully paid, (b) free from any mortgage, debenture, lien, charge, pledge, title retention, right to acquire, security interest, option, pre-emptive or similar right, right of first refusal and any other encumbrance or condition whatsoever ("**Encumbrances**"), and (c) with all such rights, benefits, entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by KH on or after the Offer Announcement Date. If any dividend, distribution or return of capital is announced, declared, paid or made on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividend, distribution or return of capital.

The Offer will be unconditional in all respects.

2. IRREVOCABLE UNDERTAKINGS

In respect of the Offer, each of (i) KHB Holdings Pte Ltd (ii) Kwek Che Yong, Deputy Chairman and executive director of KH; (iii) Koh Hai Yang, son-in-law of Kwek Che Yong and Head, Business Development and Subsidiaries of KH; and (iii) Kwek San San, daughter of Kwek Che

Yong and Purchasing Manager of KH, has provided an irrevocable undertaking to the Offeror (a) **not** to sell, dispose or otherwise transfer any of the Shares held by each of them as at the Offer Announcement Date (unless consented to by the Offeror) from the Offer Announcement Date up to the close of the Offer; and (b) **not** to accept the Offer in respect of any Shares held by each of them as at the Offer Announcement Date.

3. INFORMATION ON THE OFFEROR AND THE PARTIES ACTING IN CONCERT

The Offeror was incorporated in the Republic of Singapore on 12 December 2013. The Offeror has an issued and paid up share capital of S$100,000 divided into 100,000 ordinary shares. The Offeror is a private exempt investment holding company held by Teo Xian-Hui Amanda Marie and Teo Teck Yao Glenn Ashley in equal proportions of 50% each.

Teo Teng Beng and Teo Teck Yao Glenn Ashley are the directors of the Offeror. Teo Teng Beng is also the Managing Director and member of the Nominating Committee of KH. Teo Teng Beng holds directorships in private companies operating in industries such as property investment and foreign exchange management.

Teo Xian-Hui Amanda Marie and Teo Teck Yao Glenn Ashley are the children of Teo Teng Beng (collectively, the "**Relevant Persons**").

4. DISCLOSURE OF INTERESTS

Teo Xian-Hui Amanda Marie holds an aggregate of 110,000 Shares, representing 0.05% of KH's issued shares.

Save as disclosed in this Announcement, none of the Offeror and parties acting in concert with it (i) owns, controls or has agreed to acquire any, or (ii) has, during the period commencing 6 months prior to the Offer Announcement Date and ending on the date of this Announcement, dealt for value in any Shares except as disclosed below.

The dealings of the Offeror and parties acting in concert with it in respect of the Shares for the period commencing six (6) months prior to the date of this Announcement are as follows:

Name	Date of Transaction	Transaction price per Share (S$)	No. of Shares acquired	No. of Shares sold
Teo Teck Yao Glenn Ashley [1]	28 April 2014	0.21	45,000	N/A
Teo Xian-Hui Amanda Marie [1]	27 May 2014	0.215	44,000	N/A
Teo Xian-Hui Amanda Marie [1]	29 May 2014	0.22	44,000	N/A
Teo Xian-Hui Amanda Marie [1]	2 Jun 2014	0.21	58,000	N/A
Teo Xian-Hui Amanda Marie [1]	2 Jun 2014	0.22	8,000	N/A
Teo Teng Beng [2]	3 Jun 2014	0.22	N/A	5,207,000
Teo Teck Yao Glenn Ashley [2]	3 Jun 2014	0.22	N/A	11,163,000
Teo Xian-Hui Amanda Marie [2]	3 Jun 2014	0.22	N/A	33,556,000
Offeror [3]	3 Jun 2014	0.22	49,926,000	N/A
Offeror [4]	4 Jun 2014	0.235	73,192,000	N/A

Notes:

1) This acquisition was not made in connection with the Offer.
2) These disposals were made to the Offeror for the purposes of consolidating the Relevant Persons' holdings of KH Shares in the Offeror. These disposals were effected via off-market transactions and were reported to KH on 4 June 2014.
3) These acquisitions were made by the Offeror for the purposes of consolidating the Relevant Persons' holdings of KH Shares in the Offeror. These acquisitions were effected via off-market transactions and were reported to KH on 4 June 2014.
4) This was the Acquisition referred to in the section entitled "Introduction".

Save as disclosed in this Offer Announcement, as at the Offer Announcement Date, neither the Offeror nor any of the Relevant Persons has received any irrevocable undertaking from any party to accept or reject the Offer.

5. INFORMATION ON KH

Incorporated in Singapore on 3 November 1973, KH is one of the largest stockists, distributors and retailers of bearings and seal products in South-East Asia and the Far East, catering primarily to bearing wholesalers, replacement markets and original equipment manufacturers. KH was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Dealing and Automated Quotation on 10 November 1995 and upgraded to the SGX-ST Mainboard on 2 February 1998.

For the financial year ended 31 December 2013, KH announced consolidated revenue and net profit after tax excluding minority interests of approximately S$78.8 million and S$1.3 million, respectively. As at 31 December 2013, KH's consolidated net tangible assets (excluding minority interests) amounted to approximately S$75.5 million.

6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR KH

6.1 **Rationale for the Offer.** The Offer is made to comply with Rule 14 of the Code because following the Acquisition, the Offeror and parties acting in concert with it will hold an aggregate of 123,228,000 Shares, representing approximately 52.65% of the total number of Shares.

6.2 **The Offeror's Intentions for KH.** It is the intention of the Offeror that KH continues to carry on its existing business and maintains its listing status on the SGX-ST.

The intentions of the Offeror for KH as set out in this paragraph 6 are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror. There is no assurance that the current intentions will be carried into effect, and the Offeror retains the flexibility at any time to consider any options in relation to KH which may present themselves and which the Offeror may regard to be in the interest of the Offeror or KH.

The Offeror, together with its parties acting in concert, may offer its experience and business contacts in property investment to KH for future growth prospects in addition to carrying on its existing businesses. As the controlling shareholder of KH, the Offeror intends to work with KH to increase shareholder value.

7. BENCHMARKING THE OFFER

The Offer Price of S$0.235 for each Offer Share represents:

(a) a premium of approximately 6.82 per cent to the last transacted price of S$0.22 per Share on the SGX-ST on 3 June 2014, being the latest trading date prior to the date of this Announcement;

(b) a premium of approximately 14.53 per cent over the average of the last transacted prices of Shares on the SGX-ST of S$0.205 over the last one (1) month prior to and including 3 June 2014 being the latest trading date prior to the date of this Announcement; and

(c) a premium of approximately 12.71 per cent over the average of the last transacted prices of Shares on the SGX-ST of S$0.21 over the last six (6) months prior to and including 3 June 2014, being the latest trading date prior to the date of this Announcement.

8. FINANCING ARRANGEMENT

The Offeror, together with its concerted parties, will fund the Offer through internal cash resources and a credit facility arrangement from Malayan Banking Berhad.

9. CONFIRMATION OF FINANCIAL RESOURCES

Malayan Banking Berhad has confirmed that the Offeror has the necessary financial resources of up to S$19 million to meet its obligation in case of a full acceptance of the Offer.

10. OFFER DOCUMENT

The Offer Document, setting out the terms and conditions of the Offer and enclosing the appropriate form(s) of acceptance of the Offer, will be despatched to holders of the Offer Shares not earlier than 14 days and not later than 21 days from the date of this Announcement.

The Offer will remain open for acceptances by the Shareholders for a period of at least 28 days from the date of posting of the Offer Document.

The Offeror does not intend to extend the Offer beyond the closing date of the Offer, which shall be stated in the Offer Document.

Shareholders are advised to exercise caution when dealing in Shares.

11. OVERSEAS JURISDICTIONS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or purchase any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer, if made, will be made solely by the Offer Document and the forms of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and persons in such jurisdictions in which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction ("**Restricted Jurisdiction**"), and the Offer will not be made to, nor will the Offer be capable of acceptance by, any person within any Restricted Jurisdiction if the offer to and/or acceptance by such person will violate the laws of the Restricted Jurisdiction. Persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable laws and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Shareholders who are not resident in Singapore to accept the Offer may be affected by laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of, and observe, any applicable requirements.

12. RESPONSIBILITY STATEMENT

The Directors of the Offeror (including those who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from KH, the sole responsibility of the Directors of the Offeror has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

By Order of the Board

Teo Teck Yao Glenn Ashley
Director

4 June 2014