



KLW HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

Company Registration No.199504141D

DISPOSAL OF PROPERTY – 301 FLINDERS LANE, MELBOURNE AUSTRALIA

1. INTRODUCTION

KLW Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to inform that on 21 December 2016, Ambertree Vic-Mel (Flinders) Pty Ltd, its wholly-owned subsidiary, has entered into a contract of sale (the “**Contract of Sale**”) with Mill Place Investments Pty Ltd (the “**Purchaser**”) for the sale of 301 Flinders Lane, Melbourne Australia (the “**Property**”) for a total cash consideration of AUD 34.2 million (the “**Disposal**”).

2. INFORMATION ON THE PROPERTY AND THE PURCHASER

The Property is a freehold property owned by the Group and it has been generating rental income from a long-term lease to Victoria University, Melbourne Australia. The land area and building areas of the Property are approximately 895 square meters and 5,690 square meters respectively.

Based on a valuation report dated 29 September 2016 (the “**Valuation Report**”) by a certified independent valuer, Thomson Maloney & Partners Pty Ltd T/A Charter Keck Cramer, the market value of the Property is AUD 25.6 million based on the Income Capitalisation and Direct Sales Comparison valuation methodology. The valuation was commissioned by the Company.

The book value of the Property as at 31 March 2016 was approximately AUD 25.6 million (equivalent to approximately S\$26.47 million).

The Purchaser is an independent third party who is not related to any director or shareholder of the Company.

3. RATIONALE FOR THE DISPOSAL

The Disposal will enable the Group to realise the value of the Property and improve the cash flow position of the Company. The Disposal is not expected to have material impact on the business operations of the Group since the Property has been generating marginal rental yield since its purchase.

4. USE OF PROCEEDS AND GAIN ON DISPOSAL

The Group intends to use the proceeds from the Disposal for other investment opportunities as and when they arise.

As at 31 March 2016, the Property has a net book value of approximately AUD 25.6 million (equivalent to approximately S\$26.47 million). The Group would realise a gain of approximately AUD5.63 million (approximately S\$6.0 million) as at 31 March 2016, after deducting expenses and taxations.

5. THE PROPOSED DISPOSAL

5.1 Basis of the Sale Consideration

In connection with the Disposal, the Company has approached CBRE Australia to carry out an Expressions of Interest campaign exercise. The campaign generated a total of 13 bids, from which the Company accepted the highest bid of AUD 34.2 million (approximately S\$36.45 million) which was arrived at on a willing buyer, willing seller basis following the recommendation from CBRE Australia.

5.2 Payment Terms

Pursuant to the Contract of Sale, the payment terms of the Sale Consideration are as follows:

- (a) an amount of AUD 1.71 million, being a deposit representing 5% the total Sale Consideration, is to be paid by the Purchaser to Ambertree Vic-Mel (Flinders) Pty Ltd upon the execution of the Contract of Sale; and
- (b) the balance of AUD 32.49 million, being the remaining 95% of the Sale Consideration, shall be payable at settlement within 120 days from the date of the Contract of Sale.

5.3 Property sold subject to Leases

Pursuant to the Contract of Sale, the Property is sold subject to and with the benefit of the following leases:

- (a) lease between Ambertree Vic-Mel (Flinders) Pty Ltd and Victoria University dated 20 November 2014; and
- (b) Telecommunications Network Site Lease between Victoria University of Technology and Hutchison 3G Australia Pty Ltd dated 23 March 2015, and as assigned to Telstra Corporation Limited on 31 August 2012.

The abovementioned leases will be assigned to the Purchaser upon settlement of the Disposal.

6. FINANCIAL EFFECTS

For illustrative purposes only, the financial effects of the disposal, based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2016 ("FY2015/16"), are set out below. The financial effects are not intended to reflect the actual future financial situation of the Company or the Group after the completion of the Disposal.

6.1 Net Tangible Assets per Share

Assuming that the Disposal had taken place on 31 March 2016, the effect on the net tangible assets ("NTA") per share of the Group would be as follows:

	Before the Disposal	After the Disposal
NTA (S\$'000)	78,988	84,991
Number of issued shares	5,380,556,316	5,380,556,316
NTA per share (Cents)	1.47	1.58

6.2 Earnings per Share

Assuming that the Disposal had taken place on 1 April 2015, the effect on the earnings per share (“EPS”) of the Group would be as follows:

	Before the Disposal	After the Disposal
Profit attributable to shareholders (S\$'000)	3,749	9,753
Number of Weighted Average Shares	5,380,556,316	5,380,556,316
EPS – Basis (Cents)	0.07	0.18
EPS – Diluted (Cents)	0.07	0.18

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

Based on the unaudited financial statements of the Group for the half year ended 30 September 2016, the relative figures for the Disposal computed on the bases set out in Rules 1006(a) to 1006(d) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist Rules”) are as follows:

Rule 1006	Bases	Relative figures
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value ⁽¹⁾	32.1%
(b)	The net profit / (loss) attributable to the assets acquired or disposed of, compared with the Group’s net profits ⁽²⁾	4.7%
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares ⁽³⁾	75.3%
(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
(e)	The aggregate volume or amount of probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves.	Not applicable

Notes:

- (1) The relative figure for Rule 1006(a) was computed based on the net asset value of the Property of S\$26.68 million as at 30 September 2016 divided by the Group’s audited net asset value as at 30 September 2016 of S\$83.19 million.
- (2) The relative figure for Rule 1006(b) was computed based on the net profits of S\$0.23 million attributable to the Property which is the subject of the Disposal divided by the Group’s net profit (before tax, minority interests and extraordinary items) of S\$4.89 million as at 30 September 2016.
- (3) The relative figure for Rule 1006(c) was computed based on the consideration of S\$36.45 million divided by the market capitalisation of the Company as at the market

day immediately preceding the date of the Contract of Sale of approximately S\$48.43 million (based on volume weighted average share price).

Having regard to the above, as the relative figures computed based on Rules 1006 (c) above exceed 50%, the Disposal would result in a "major transaction" under Rule 1014 of the Catalist Rules and is subject to the approval of shareholders of the Company.

Notwithstanding the above, as the Disposal is in the ordinary course of business of the Group, the Company will be consulting SGX-ST through the Sponsor on the requirement to seek shareholders' approval for the Disposal. In the event SGX-ST determines that shareholders' approval is required, the Company shall proceed to seek shareholders' approval for the Disposal in an extraordinary meeting.

The Company will continue to make announcements as and when appropriate to update its shareholders on this matter accordingly.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders of the Company has any interest in the Disposal, except through their direct or indirect shareholdings in the Company.

9. SERVICE CONTRACT

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

10. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the Contract of Sale and the Valuation Report are available for inspection during normal business hours at the registered office of the Company's business address at 2 Kallang Avenue, CT Hub #07-03 / 04 Singapore 339407 for a period of three (3) months from the date of this Announcement.

By Order of the Board
KLW Holdings Limited

Terence Lam
28 December 2016

*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 Straits Trading Building, Singapore 049910.