



KOON HOLDINGS LIMITED
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 200303284M)
(ARBN 105 734 709)

EXCLUSIVITY DEED AND TERM SHEET ENTERED INTO BETWEEN KOON HOLDINGS LIMITED AND TESLA HOLDINGS PTY LTD

1. Introduction

The Board of Directors of Koon Holdings Limited (the "**Company**") wishes to announce that it has entered into an exclusivity deed and a non-binding term sheet (collectively the "**Proposal**") with Tesla Holdings Pty Ltd ("**Tesla**") on 13 July 2010 with regards to:

- (a) the proposed subscription of 1,900,000 ordinary shares in the issued and paid-up capital of Tesla by the Company; and
- (b) the proposed acquisition of 100,000 ordinary shares in the issued and paid up capital of Tesla by the Company from an existing shareholder of Tesla,

(collectively shall be referred herein as "**Proposed Acquisition**").

A put and call-option is also proposed for 2,400,000 preference shares in the issued and paid-up capital of Tesla upon the satisfaction of such terms and conditions which the parties may agree ("**Proposed Put and Call-option**").

The Proposed Acquisition and the Proposed Put and Call-option shall collectively be referred herein as the "**Proposed Investment**". The Proposed Investment is subject to, *inter alia*, the parties to the Proposed Investment entering into definitive shareholders' agreements and investment agreement (collectively referred herein as "**Definitive Agreements**"), necessary and satisfactory legal and financial due diligence being performed by the Company, its appointed professionals and its advisors to the satisfaction of the Company, as well as the receipt of required or necessary approvals from the relevant regulatory authorities in connection with the Proposed Investment.

The execution of the Definitive Agreements and the completion of the transactions contemplated thereunder, the Company will acquire 49.1% in Tesla pursuant to the completion of the Proposed Acquisition, and the Company will acquire 68.0% in Tesla pursuant to the exercise of the Proposed Put and Call-option.

2. Rationale

The Proposed Investment allows the Company to participate in the Western Australian energy sector, thereby strengthening its knowledge in energy related infrastructure projects as well as create a more steady and sustainable income stream.

3. Information on Tesla

Tesla is a company incorporated in Australia and it engages in the business of electricity power generation.

4. Consideration

Subject to the execution of the Definitive Agreements and the completion of the transactions contemplated thereunder, the total consideration for the Proposed Investment in Tesla amounts to A\$6.60 million ("**Total Consideration**") and will be paid in cash as follows:

- (a) pursuant to the completion of the Proposed Acquisition, A\$3.00 million for the 2,000,000 ordinary shares in the issued and paid-up capital of Tesla; and
- (b) pursuant to the exercise of the Proposed Put and Call-option, A\$3.6million for the 2,400,000 preference shares in the issued and paid-up capital of Tesla.

The Total Consideration was arrived pursuant to negotiations between the parties on a “willing buyer - willing seller” basis and the Proposed Investment is transacted at arm’s length. In arriving at the Total Consideration, the Company took into account the NTA of the shares as well as the potential investment returns. The Total Consideration will be funded by the Company’s internal cash resources.

In addition to the above, the Company may be required to pay a break fee of A\$635,000 in cash to Tesla if *inter alia* the Definitive Agreements are not entered into by 26 July 2010, 5.00 p.m. (Singapore Time) and in accordance with the terms and conditions stipulated in the exclusivity deed entered into between Tesla and the Company.

5. Interest Of Directors And Substantial Shareholders

None of the Company's directors or substantial shareholders have any interest, direct or indirect in the Acquisition.

6. Further Announcements

The Company will make an announcement disclosing the full details of the Proposed Investment upon the execution of the Definitive Agreements. The Company will also provide updates on the Proposed Investment as and when there are further developments in connection with the Proposed Investment

7. Caution in Trading

The Board wishes to emphasise that the Proposal represents a non-binding agreement between the Company and Tesla. The Proposed Investment is subject to numerous conditions and further due diligence by the Company. There is no certainty or assurance as at the date of this Announcement that the parties will in due course enter into the Definitive Agreements.

Shareholders and potential investors are advised to read this Announcement and further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Mr Tan Thiam Hee
Managing Director and Chief Executive Officer
13 July 2010