



(Company Registration No. 200415164G)
(Incorporated in Singapore)
(the "Company")

PROPOSED DISPOSAL OF A SUBSIDIARY

1. Introduction

The Board of Directors ("**Board**") of KOP Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a sale and purchase agreement ("**SPA**") with Cityneon Holdings Limited ("**Buyer**") to dispose the entire issued and paid-up share capital and property of its wholly-owned subsidiary, Scorpio East Properties Pte. Ltd. ("**SE Properties**") to the Buyer for an aggregate consideration of S\$2,875,000 ("**Sale Consideration**") ("**Proposed Disposal**").

2. Information on SE Properties

SE Properties engages in real estate activities and is the legal and beneficial owner of the leasehold property situated at 25 Tai Seng Avenue, KOP Building, Singapore 534104 with 30 years lease from 25 December 2007 with an entitlement to further extend the lease by 29 years ("**Property**"). The lot area of the Property is approximately 2,571.40 square metres.

3. Information on the Buyer

The Buyer is a company incorporated in Singapore and is listed on the Mainboard of the Singapore Exchange. It is an independent third party and there is no relationship between the Buyer, the Company, the Company's Directors, and the Company's substantial shareholders.

4. Principal Terms for the Proposed Disposal

4.1 Sale Consideration

Under the SPA, the Buyer has agreed to assume the liability for repayment of a loan obtained by SE Properties from Hong Leong Finance Limited (the "**Bank**") in the principal aggregate amount of S\$23,000,000 ("**Existing Loan**"). The Existing Loan is secured by, amongst others, a mortgage on the Property in favour of the Bank ("**Mortgage**") as well as a charge over the amount of S\$500,000 in SE Properties's fixed deposit account with the Bank ("**Bank Deposit Amount**"). Taking into account the Existing Loan, the aggregate cash consideration for the Proposed Disposal will be an amount in cash equal to the Sale Consideration, which will be paid by the Buyer to the Company in the following manner:

- (a) The sum of S\$216,150, equivalent to approximately 7.5% of the Sale Consideration, paid to the Company on the signing of the Term Sheet; and
- (b) The balance Sale Consideration of S\$2,658,850 is payable upon completion of the Proposed Disposal.

The Sale Consideration was arrived at pursuant to arm's length negotiations between the Company and the Buyer, and on a "willing-buyer, willing seller" basis, after taking into consideration, *inter alia*, the net asset value of SE Properties of S\$11.9 million as stated in its unaudited financial statements for the financial year ended 30 September 2017 and the dividends in the amount of S\$4,950,000 which was declared by SE Properties on 31 October 2017 and payable before the Proposed Disposal.

4.2 Conditions Precedent

The SPA is conditional upon satisfaction of the following conditions:

- (a) the consents or approvals of all necessary parties including relevant regulatory authorities for the transactions contemplated under the SPA being obtained, and such consents, approvals and waivers not having been revoked before the Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the Company and the Buyer;
- (b) the approval from Jurong Town Corporation for the change of use of the Property;
- (c) the outcome of the necessary due diligence investigations conducted by the Buyer into the legal, business and financial position of the Company being reasonably satisfactory to the Buyer;
- (d) the passing of a resolution by the shareholders of the Buyer approving the transactions contemplated by this SPA (if required under the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"));
- (e) no material adverse change in the Company's business and financial condition having occurred;
- (f) there being no compulsory acquisition or notice of compulsory acquisition or intended acquisition of the Property or a material part thereof; and
- (g) the existing lender agreeing to continue to extend the existing loan to the Company post-completion, at interest rate and quantum that are no less favourable to those contained in the letter of offer from the existing lender dated 27 July 2017.

5. Rationale for the Proposed Disposal

The Company is of the view that the Proposed Disposal will be in the best interest of the Company as it will enable the Group to realise the value of the Property and provide liquidity and cash capital for the Group.

6. Use of Proceeds

The entire proceeds arising from the Proposed Disposal shall be used for the financing of the Group's working capital.

7. Financial Effects of the Proposed Disposal

The proforma financial effects of the Group after the Proposed Disposal set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following the Proposed Disposal, nor a projection of the future financial performance or position of the Group after completion of the Proposed Disposal. The proforma financial effects of the Proposed Disposal are based on the Company's audited financial statements for the financial year ended 31 March 2017:

7.1 Net tangible assets (“NTA”) per share

Assuming that the Proposed Disposal had been completed on 31 March 2017, the NTA per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	95,245	94,189
Number of issued shares	886,369,771	886,369,771
NTA per share (Singapore cents)	10.75	10.63

7.2 Earnings per share (“EPS”)

Assuming that the Proposed Disposal had been completed on 1 April 2016, the EPS of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to Owners of the Company (S\$'000)	1,194	(29)
Number of issued shares	886,369,771	886,369,771
EPS (Singapore cents)	0.13	(0.00)

7.3 Loss on Proposed Disposal

Assuming that the Proposed Disposal had been completed on 31 March 2017, the Group will recognise a loss on disposal of S\$1.1 million, after taking into consideration the dividends in the amount of S\$4,950,000 which was declared by SE Properties on 31 October 2017 and payable before the Proposed Disposal.

8. Relative Figures Computed on the Bases Set Out in the Rule 1006 of the Listing Manual – Section B: Rules of Catalyst of the SGX-ST (“Catalist Rules”)

The relative figures computed⁽¹⁾ on the bases of Rule 1006 of the Catalyst Rules in respect of the Proposed Disposal are as follows:

Rule	Bases of Computation	Size of Relative Figure
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	9.69%
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	2.06%
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	3.73%
1006(d)	The number of equity securities issued by the issuer 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 figures computed are based on the last announced results on 9 November 2017.

Having regard to the above, as the relative figures computed based on Rules 1006(a) of the Catalist Rules exceed 5.0%, but does not exceed 50.0%, the Proposed Transaction constitutes a “disclosable transaction” under Rule 1010 of the Catalist Rules.

9. Interests of Directors and Controlling Shareholders

None of the Directors, controlling shareholders and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, save for their shareholdings in the Company.

10. Service Contract

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

11. Inspection of Documents

The SPA will be made available for inspection during normal business hours at the registered office of the Company at 25 Tai Seng Avenue, #06-01 KOP Building, Singapore 534104 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
15 December 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the “Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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 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. Khong Choun Mun, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, Telephone (65) 6381 6757.