

KOP LIMITED

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

DISPOSAL OF 17.19% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GRAMERCY PROPERTIES PTE. LTD.

1 INTRODUCTION

The Board of Directors (“**Board**”) of KOP Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, KOP Properties Pte. Ltd. (UEN: 200809155G) (“**KOP Properties**”) will be transferring 17,190 shares representing 17.19% in Gramercy Properties Pte. Ltd. (“**Gramercy**”), a wholly-owned subsidiary of KOP Properties, to Mr. Low Kheng Hong @ Lau Kheng Hong (the “**Lender**”) pursuant to a loan deed entered into between Gramercy and the Lender on 31 May 2018 (the “**Loan Deed**”) for the loan advanced from the Lender to Gramercy (“**Loans**”). Under the terms of the Loan Deed, it was agreed that the Lender may elect to convert the Loans along with any accrued interest into shares in the capital of Gramercy in full and final settlement of the Loans. More information on the Loan Deed can be found in Paragraph 4 below.

On 10 July 2018, Gramercy received a notice from the Lender indicating his intention to convert the Loans into shares in Gramercy. Accordingly, in accordance with the terms of the Loan Deed and the conversion formula set out in the Loan Deed which takes into account, *inter alia*, the net tangible asset (“**NTA**”) of Gramercy and its subsidiary, the Loan and the accrued interest, KOP Properties will be disposing of its 17.19% interest in Gramercy to the Lender in full and final settlement of the Loans (the “**Disposal**”).

As the relative figures computed under Rule 1006(b) and 1006(c) of the SGX-ST Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”) exceed 5% but have not exceeded 50%, the Disposal constitutes a “discloseable transaction” to which Rule 1010 (read with Rule 1006) of the Catalyst Rules applies. Please see Paragraph 7 for further details on the computation of the relative figures under Rule 1006 of the Catalyst Rules.

Following the Disposal, Gramercy will cease to be a wholly-owned subsidiary of KOP Properties and the Company. Accordingly, this announcement is also made pursuant to Rule 704(17)(d) of the Catalyst Rules.

2 INFORMATION ON GRAMERCY AND THE LENDER

2.1 Gramercy

Gramercy is incorporated in Singapore in 2007 and currently has an issued and paid-up share capital of S\$100,000 consisting of 100,000 shares. Gramercy is currently a wholly-owned subsidiary of KOP Properties and is engaged in the business of real estate development and investment in real estate assets. Gramercy has a 99% owned subsidiary, P.T. Montigo Seminyak and is engaged in the business of development and provision of hotel services in Indonesia.

2.2 Lender

The Lender is Mr. Low Kheng Hong @ Lau Kheng Hong. The Lender is a relative of the Company’s Executive Chairman, who is also a Controlling Shareholder (as defined in the Catalyst Rules) of the Company. The Lender is not an interested person (as defined in Rule 904(4) of the Catalyst Rules) to this Disposal.

3 RATIONALE

The rationale for the Disposal by way of a share transfer to the Lender will allow Gramercy to reduce its debt obligations while conserving its cash resources for Gramercy's business and operational needs.

4 PRINCIPAL TERMS OF THE LOAN DEED

4.1 Loan Deed

Gramercy has, subject to the terms and conditions of the Loan Deed, agreed to borrow and the Lender has agreed to advance the Loans at an interest rate of 7% per annum commencing from 1 April 2018 and accruing until the date on which the Loans (including any accrued interest) is repaid. The Loans have been drawn down and were utilised for the development of the hotel owned by the Group in Indonesia.

4.2 Repayment

The Loans are to be repaid within one (1) year from the date of the Loan Deed being 31 May 2018.

4.3 Conversion

Pursuant to the terms of the Loan Deed, the Lender may, in its absolute discretion, elect to convert the Loan into shares in Gramercy by providing a notice in writing to Gramercy. Upon receipt of the notice, Gramercy shall within one (1) month from the date of the notice procure the transfer of the Disposal Shares as ascertained in accordance with the terms of the Loan Deed to the Lender in full and final settlement of the Loans.

5 VALUE OF THE DISPOSAL SHARES

5.1 Book Value, Net Asset Value and Open Market Value

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 March 2018, the book value and the net tangible liability of Gramercy (inclusive of its 99% owned subsidiary) was S\$6,139,000. There is no open market value for the shares in Gramercy as they are not publicly traded. As at the date hereof, the book value of the shares to be transferred pursuant to the Disposal ("**Disposal Shares**") is S\$17,190.

As of the date of this announcement, the sum outstanding in respect of the Loans (including any accrued interest) is US\$3,074,795 (approximately S\$4,194,020 based on a conversion rate of US\$1/S\$1.3640). Accordingly, the Disposal is expected to result in an excess over the book value of the Disposal Shares of S\$4,176,830.

5.2 Net Loss

The net loss before tax attributable to the Disposal Shares was S\$463,000.

5.3 Gain on Disposal

Based on the latest audited consolidated financial statements of the Group, the Disposal is expected to result in a gain on disposal of S\$471,000 to the Group.

6 FINANCIAL EFFECTS

The financial effects of the Disposal on the NTA per ordinary share in the capital of the Company ("**Share**") and the loss per Share ("**LPS**") are prepared for illustration only and do not purport to reflect the actual future results and financial position of the Group following the Disposal. The financial effects have been computed based on the following bases and assumptions:

- (a) the audited consolidated financial statements of the Group for the financial year ended 31 March 2018;

- (b) the effect of the Disposal on the NTA per Share is computed based on the issued share capital of 1,107,962,214 Shares and on the assumption that the Disposal was effected on 31 March 2018; and
- (c) the effect of the Disposal on the LPS is computed based on the issued share capital of 886,369,771 Shares and on the assumption that the Disposal was effected on 1 April 2017.

NTA

	Before the Disposal	After the Disposal
NTA (S\$'000)	100,476	100,947
Number of Shares	1,107,962,214	1,107,962,214
NTA per Share (cents)	9.07	9.11

LPS

	Before the Disposal	After the Disposal
Net loss attributable to Owners of the Company (S\$'000)	7,783	7,312
Number of Shares	886,369,771	886,369,771
LPS (cents)	0.87	0.82

7 RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN CHAPTER 10 OF THE CATALIST RULES

7.1 Discloseable Transaction

Based on the latest audited consolidated financial statements of the Group and the financial statements of Gramercy as at 31 March 2018, the relative figures for the Disposal computed on the bases set out in Rule 1006 ("**Rule 1006**") of the Catalist Rules are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	Net asset value of the Disposal Shares compared with the Group's net asset value	(1.05) ⁽¹⁾
(b)	Net profits attributable to the assets disposed of compared with the Group's net profit	5.78 ⁽²⁾
(c)	Aggregate value of the consideration given compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	5.74 ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition compared with the number of equity securities previously in issue	N/A ⁽⁴⁾

Notes:

- (1) Based on the negative net asset value of the Disposal Shares of S\$1,045,000 compared with the net asset value of the Group of S\$99,933,000.
- (2) Based on the net loss attributable to the Disposal Shares of S\$463,000 and the net loss before tax of the Group of S\$8,046,000.
- (3) Based on the consideration of S\$4,194,020 and the issued share capital of the Company of 1,107,962,214 Shares and the closing price as at 8 August 2018 of S\$0.066 and based on an exchange rate of US\$1.3640/S\$1.
- (4) Not applicable as the Disposal pertains to a disposal of assets.

As the relative figures on the bases set out in Rules 1006(b) and 1006(c) exceed 5% but have not exceeded 50%, the Disposal constitutes a “discloseable transaction” to which Rule 1010 (read with Rule 1006) of the Catalist Rules applies. As the relative figure for Rule 1006(a) is a negative figure, the Company will, pursuant to Rule 1007(1) of the Catalist Rules, consult the SGX-ST, through its Sponsor, on the applicability of Chapter 10 of the Catalist Rules on the Disposal. The Company will update shareholders of the Company in due course.

8 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Disposal.

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

9 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Disposal, the Company and its subsidiaries, and the Directors of the Company are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director

8 August 2018

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.