

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

**THE PROPOSED SALE OF TWO UNITS OF THE DEVELOPMENT AT DALVEY ROAD
KNOWN AS DALVEY HAUS AS AN INTERESTED PERSON TRANSACTION**

INTRODUCTION

1. The board of directors (the “**Board**” or “**Directors**”) of KOP Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Dalvey Breeze Development Pte. Ltd. (Company Registration Number 200415164G) (“**Dalvey Breeze Development**” or the “**Vendor**”), propose to enter into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the trustees, Goi Lang Ling, Judith Goi Lang Peng (a Non-Executive Director of the Company) and Goi Kok Ming, holding on trust for family members (the “**Purchasers**”) for the proposed sale of two units (#04-07 and #04-08) in a condominium development situated on the development site known as Lot 1086C of Town Subdivision 25 at 105 to 111 (Odd No.) Dalvey Road, Singapore (the “**Property**”) (the “**Proposed Sale**”). The Proposed Sale constitutes an interested person transaction within the meaning of Chapter 9 of the Catalyst Rules. Accordingly, the Proposed Sale is conditional upon the approval of Shareholders being obtained at the extraordinary general meeting of the Company to be convened (the “**EGM**”).
2. The Vendor, Dalvey Breeze Development is a real estate developer incorporated in Singapore as a private company limited by shares. Dalvey Breeze Development Pte. Ltd. is 40% owned by LKHS Development Pte. Ltd and 60% owned by Dalvey Breeze Pte. Ltd., a wholly-owned subsidiary of KOP Properties Pte. Ltd.. KOP Properties Pte. Ltd. is a wholly-owned subsidiary of the Company.
3. The Purchasers, Goi Lang Ling, Judith Goi Lang Peng and Goi Kok Ming are immediate family members of Goi Seng Hui, who is a Controlling Shareholder of the Company. In addition, Goi Lang Ling and Goi Kok Ming are immediate family members of Judith Goi Lang Peng, a Non-Executive Director of the Company. As at the latest practicable date prior to the finalisation of this announcement, being 24 August 2022, Goi Seng Hui has a direct interest of 21.17% in the Company.

SALE CONSIDERATION

4. The sale consideration for the Property is S\$11,666,760 payable in cash, which is exclusive of goods and services tax thereon, where applicable (the “**Consideration**”).
5. The Property are being sold at a lower price than the market price set out in the Valuation Report (at an approximate 7.41% discount from the aggregate market price set out in the Valuation Report) mainly due to there being no agent commission to be incurred by the Vendor and a bulk purchase discount being extended to the Purchasers.
6. The Consideration will be payable by the Purchasers to the Vendor in accordance with the payment schedule under the proposed Sale and Purchase Agreement. Details of the payment schedule will be provided in the circular to shareholders.
7. Based on the latest announced consolidated financial statements of the Group for the financial year ended 31 March 2022 (“**FY2022**”), the net book value of the Property is approximately S\$9,785,000. Based on the Consideration, there is a gain on the sale of the Property of approximately S\$1,881,760.

INFORMATION ON THE PROPERTY

8. The Property consists of two units (#04-07 and #04-08) in a proposed condominium development situated on the development site known as Lot 1086C of Town Subdivision 25 at 105 to 111 (Odd No.) Dalvey Road, Singapore, with a freehold tenure.
9. Planning permission has been granted by the URA on 28 December 2020 for the proposed redevelopment on the development site. The Development will comprise of a three-storey and a four-storey residential blocks, totalling 17 residential units, with a basement carpark and a swimming pool. Upon completion, the Development will have a total gross floor area of 4,558.89 square metres (49,071 square feet) and a total saleable area of 4,182.0 square metres (45,015 square feet), excluding total voids of 274.0 square metres (2,949 square feet).

RATIONALE FOR THE PROPOSED SALE

10. The Proposed Sale is in the ordinary course of business of Dalvey Breeze Development. It is intended that the proceeds from the Proposed Sale will be deployed as follows:
 - 10.1. working capital of Dalvey Breeze Development; and
 - 10.2. dividends to Shareholders of Dalvey Breeze Development Pte. Ltd..

BASIS OF VALUATION

11. The Company had commissioned an independent valuer, Savills Valuation and Professional Services (S) Pte. Ltd. to undertake an independent valuation of the Property for the purpose of the Proposed Sale.
12. Based on the Valuation Report dated 29 June 2022, the market valuation for each of the units was S\$6,300,000 (six million three hundred thousand) with an aggregate of S\$12,600,000 (twelve million six hundred thousand) for both units.
13. The basis of valuation and valuation rational are set out in pages 9 and 10 of the Valuation Report, with extractions in italics as follows:

“In assessing the market value of the subject property, we have considered the Direct Comparison Method.”

“In this method, a comparison is made with recent sales of similar properties in the subject or comparable vicinities. Adjustments are made for differences in location, size, tenure, design and layout, standard of building services and facilities provided, age/condition, date of sale, etc., before arriving at the value of the subject property.”

THE SALE AND PURCHASE AGREEMENT

14. The Company contemplates the entry into the Sale and Purchase Agreement with the Purchasers for the purposes of the Proposed Sale after approval from Shareholders is obtained. Further announcement on the details of the Sale and Purchase Agreement would be made upon signing.

INTERESTED PERSON TRANSACTION

15. The Proposed Sale will constitute an interested person transaction within the meaning of Chapter 9 of the Catalist Rules. Accordingly, the Proposed Sale is conditional upon the approval of independent Shareholders being obtained at the EGM.

16. Based on the information on the Vendor in paragraph 2 and the Purchasers in paragraph 3 of this announcement, the Purchasers constitute “interested persons” and the Vendor constitutes an “entity at risk”.
17. The Proposed Sale constitutes an “interested person transaction” within the meaning of Chapter 9 of the Catalist Rules. As stated in Paragraph 4, 100% of the consideration will be in cash. Based on Rule 909(1) of the Catalist Rules, the effective interest is 60% because the Company has 60% shareholding in the Vendor. Therefore, the value at risk of the transaction is 60%. Accordingly, the Proposed Sale is subject to Shareholders’ approval pursuant to Rule 906(1)(a) of the Catalist Rules as the value at risk of the transaction, being 60% of the Consideration of S\$11,666,760, payable in cash, represents approximately 6.2% of the Group’s latest NTA (excluding non-controlling interest) of S\$112,303,000 as at 31 March 2022.
18. Pursuant to Rule 921(4)(b)(ii) of the Catalist Rules, the opinion from an independent financial adviser is not required for the Proposed Sale as (i) the Consideration for the Proposed Sale is in cash; (ii) an independent professional valuation has been obtained for the Proposed Sale; and (iii) the valuation of the Property is disclosed in the EGM circular. Instead, an opinion from the Audit Committee in the form required in Rule 917(4)(a) of the Catalist Rules is disclosed in the Paragraph 24 below.

CHAPTER 10 OF THE CATALIST RULES

19. Rule 1002 of the Catalist Rules provides that a transaction excludes acquisition or disposal which is, or in connection with, the ordinary course of its business or of a revenue nature. The Vendor is a real estate developer. The sale of the Property is in the ordinary course of business and is of a revenue nature for the Vendor. Therefore, the Proposed Sale should not be subject to Chapter 10 of the Catalist Rules.

For the purpose of adequate disclosure and to avoid misinterpretation by Shareholders, based on the assumption that Chapter 10 of the Catalist Rules are applicable, the Company would show the computation of relative figures and the classification of the Proposed Sale under Rule 1006 of Catalist Rules below.

20. The relative figures computed on the bases pursuant to Rule 1006 (a) to (e) of the Catalist Rules concerning the Proposed Sale, based on the Group’s latest announced consolidated financial statements for FY2022, are set out as follows: -

Rule	Bases	Relative figures in relation to the Proposed Sale
1006(a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value	9% ⁽¹⁾
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group’s net profits	(16%) ⁽²⁾
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	15% ⁽³⁾
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 reserved to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable

Notes: -

- (1) Determined based on the net asset value of the Property of S\$9,785,000 and the Group's net asset value of S\$112,029,000 as per the latest announced consolidated financial statements of the Group for FY2022.
- (2) Determined based on net profits attributable to/gain on disposal of the Property of S\$1,881,760 and the Group's net loss of S\$11,575,000 as per the latest announced consolidated financial statements of the Group for FY2022.
- (3) The consideration is S\$11,666,760. The market capitalisation of the Group is S\$77,557,000 as determined by multiplying the total number of Shares of 1,107,962,214 in issue by the volume-weighted average price of Shares of S\$0.070 as at 23 August 2022 being the market day on which the Shares were transacted preceding the LPD, assuming that the Sale and Purchase Agreement was signed on LPD.

21. Having regard to the above, as the relative values computed based on Rule 1006(a) to (c) of the Catalist Rules exceed 5%, but does not exceed 50%, the Proposed Sale is deemed to be a discloseable transaction under Rule 1010 of the Catalist Rules. However, the relative figure in Rule 1006(b) above is negative. Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. Under paragraph 4.4(d) of Practice Note 10A, an issuer must immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules in relation to the disposal of a profitable asset by a loss-making issuer, where:

- (i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) does not exceed 50%; and
- (ii) the net profit attributable to the asset to be disposed of and, if the disposal will result in a loss on disposal, the sum of such net profit and the loss on disposal, exceeds 5% but does not exceed 10% of the consolidated net loss of the issuer (in each case taking into account only the absolute value).

If the transaction does not fall within all the situations in paragraph 4.4(d), Rule 1014 of the Catalist Rules shall apply to the transaction. Under Rule 1014 of the Catalist Rules, where, in respect of a disposal, any of the relative figures as computed on the bases set out in Rule 1006 exceed 50%, the transaction is classified as a major transaction and must be made conditional upon approval by shareholders in general meeting.

As the relative figure in Rule 1006(b) is more than 10%, the exemption under paragraph 4.4(d) of Practice Note 10A will not apply. As such, the Company would normally be required to seek shareholders' approval in a general meeting. However, as all the relative figures computed on the bases set out in Rules 1006(a), (b) and (c) do not exceed 50%, the Proposed Sale would not be classified as a major transaction and would therefore not be conditional upon approval from Shareholders. Notwithstanding the aforesaid, as the Proposed Sale constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules which value exceeds the relevant thresholds under Chapter 9 of the Catalist Rules, the Proposed Sale will be subject to the specific approval of shareholders.

The Company will make the announcement when the Sale and Purchase Agreement is signed after approval from Shareholders for the Proposed Sale is obtained at the EGM.

FINANCIAL EFFECTS OF THE PROPOSED SALE

22. For illustrative purposes only, the financial effects of the Proposed Sale on the Group set out below were prepared based on the latest announced consolidated financial statements of the Group for FY2022 and subject to the following main assumptions:

- 22.1 for the purposes of computing the loss per share ("**LPS**") of the Group after the Proposed Sale, it is assumed that the Proposed Sale had been completed at the beginning of FY2022; and

- 22.2 for the purposes of computing the net tangible assets (“NTA”) per share and gearing ratio of the Group after the Proposed Sale, it is assumed that the Proposed Sale had been completed as at the end of FY2022.
23. The financial effects set out below are for illustrative purposes only and are therefore not necessarily reflective of the actual results of the Group or the related effect on the financial position that the Group would attain.

	Before the Proposed Sale	After completion of the Proposed Sale
Share Capital		
Issued and paid up share capital (S\$'000)	78,940	78,940
Number of Shares/		
Weighted Number of Shares	1,107,962,214	1,107,962,214
NTA per Share (cents)	10.11	10.21
LPS (cents)	(0.97)	(0.87)
Gearing ratio	1.29	1.17

STATEMENT OF AUDIT AND RISK COMMITTEE

24. Having considered the terms of the Proposed Sale and the rationale thereof, the Audit Committee is of the opinion that the Proposed Sale as an interested person transaction at the Consideration and at the discount provided is reasonable and within normal commercial conventions, particularly considering that all other terms of the Proposed Sale are on normal commercial terms, as set out in the Sale and Purchase Agreement. The Audit and Risk Committee is of the opinion that holistically, the Proposed Sale is on terms which are fair and reasonable, is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

OTHER INTERESTED PERSON TRANSACTIONS FOR THE CURRENT FINANCIAL YEAR

25. Pursuant to Rule 917(5) of the Catalist Rules, for the current financial year beginning 1 April 2022 up to the Last Practicable Date, save for the interest accrued on the existing shareholder's loan, the Group has not entered into any interested person transactions with the Purchasers excluding the Proposed Sale.
26. The aggregate value of all interested person transactions entered into by the Group for the current financial year commencing financial year beginning 1 April 2022 up to the Last Practicable Date (excluding transactions which are less than S\$100,000 and the Proposed Sale) is approximately S\$2.8 million, representing approximately 2.47% of the Group's NTA.

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

27. Save for Goi Seng Hui's and Judith Goi Lang Peng's interest in the Proposed Sale, none of the Directors or controlling Shareholders has any interest, direct or indirect, (other than through their respective shareholdings in the Company, if any) in the Proposed Sale.
28. No new directors are proposed to be appointed to the Board in connection with the Proposed Sale. As such, no service agreements will be entered into with any new director of the Company in connection with the Proposed Sale.

SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

29. Rule 919 of the Catalist Rules prohibits interested person and their Associates from voting on the resolution to obtain shareholder approval of the interested person transaction. Goi Seng

Hui and Judith Goi Lang Peng being interested persons, will abstain and have undertaken that their Associates will abstain from voting at the EGM in respect of the Ordinary Resolution, and will not accept nominations as proxy or otherwise for voting at the EGM in respect of the said Ordinary Resolution unless the independent Shareholders appointing them as proxies give specific instructions in the relevant proxy form as to how their votes are to be cast for the Ordinary Resolution.

DIRECTORS' RESPONSIBILITY STATEMENT

30. The Board collectively and individually accepts full responsibility for the accuracy of the information given in this announcement and confirms after making all reasonable enquiries that, to the best of its knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Sale, the Company and its subsidiaries, and the Board is 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 Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

CIRCULAR TO SHAREHOLDERS

31. An announcement on the Notice of EGM with the circular to Shareholders of the Company setting out information on, among others, the Proposed Sale will be released immediately after this announcement.
32. Shareholders and investors of the Company are advised to exercise caution when trading in the Shares, pending the receipt of the circular. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant, or other professional advisers. Shareholders and investors of the Company are advised to read this announcement, the EGM circular and any further announcements made by the Company carefully.

DOCUMENTS FOR INSPECTION

33. Copies of the following documents are available for inspection during normal office hours at the Company's registered office for three (3) months from the date of this announcement: -
- (a) the annual report of the Company for FY2022;
 - (b) the Constitution of the Company;
 - (c) the proposed Sale and Purchase Agreement; and
 - (d) the Valuation Report.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director
7 September 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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.

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