



KOYO INTERNATIONAL LIMITED

Registration No. 200100075E

(Incorporated in Singapore)

PURCHASE OF PROPERTY LOCATED AT 4 KWONG MIN ROAD SINGAPORE 628707

1. INTRODUCTION

The board of directors (the “**Board**”) of Koyo International Limited (the “**Company**” and together with its subsidiaries, collectively known as the “**Group**”) is pleased to announce that Koyo Engineering (S.E. Asia) Pte. Ltd. (“**Koyo Engineering**”), a wholly owned subsidiary of the Company, has on 10 January 2020 exercised an Option to Purchase (the “**Option**”) granted by Stone Industries (FAB) Pte Ltd (the “**Vendor**”) to purchase the property located at 4 Kwong Min Road Singapore 628707 (the “**Property**”) (the “**Purchase of Property**”) upon payment of a sum of S\$246,380 (the “**Deposit**”).

2. CONSIDERATION

The total consideration for the Purchase of Property of S\$2,540,000 (the “**Consideration**”) was arrived at after arm’s length negotiations and on a willing buyer willing seller basis, after taking into consideration the indicative market value of the Property of S\$2,500,000 as at 21 October 2019, based on the valuation report for the valuation of the Property carried out by an independent third party property valuer commissioned by the Company. The valuation was based on the Direct Comparison method.

The consideration, which is payable in cash, will be financed by both internally generated funds and bank borrowings.

The payment terms for the Purchase of Property will be as follows:

- a) 1% of the Consideration by way of option money to be paid upon grant of the Option (“**Option Money**”);
- b) 10% of the Consideration (inclusive of 7% GST) to be paid upon the exercise of the Option (less the Option Money already paid) and to be held by the Vendor’s solicitor pending completion of the Purchase of Property; and
- c) the balance 90% of the Consideration, to be paid upon completion of the Purchase of Property.

3. MATERIAL TERMS AND CONDITIONS OF THE PURCHASE OF PROPERTY

The Purchase of Property is subject to and conditional upon approvals being obtained from the Jurong Town Corporation, the National Environment Agency and/or any other relevant competent Authority (the “**Approvals**”).

If the Approvals are not granted, the Option may be terminated by written notice to be given by the Company whereupon the Vendor shall refund all monies paid by the Company herewith including the Deposit.

Subject to the Approvals having been obtained, the completion of the sale and purchase of the Property shall take place at the office of the Vendor's solicitors or such other place as they may reasonably stipulate on:

- (a) Within sixteen (16) weeks from the date of acceptance of this Option; or
- (b) the date falling four (4) weeks from (and including) the date of receipt of the written notification by the Vendor from the Jurong Town Corporation that it has no objections to the execution and registration of the instrument of transfer in respect of the Property or such other date as may be agreed by the parties,

whichever is the later date ("**Completion**").

4. INFORMATION OF THE PROPERTY AND RATIONALE FOR THE PURCHASE OF PROPERTY

The Property sits on land that is under the Jurong Town Corporation, with a leasehold tenure for sixty (60) years with effect from 1 October 1966. The Property is a part 1/part 3-storey factory building comprising a single-storey workshop with overhead crane and a part 2/part 3-storey annex with ancilliary showroom/office/dormitory, with a gross floor area of approximately 3,785.99 square meter.

The Property is intended to be used for engineering fabrication and pre-fabrication of mechanical, electrical, and plumbing modules for use in one of our existing projects. The Company is of the view that the Purchase of Property is in the best interests of the Company and its shareholders as the Property is expected to enhance the Company's operational efficiencies via the following:

- (a) close proximity of dormitory and workshop to facilitate smoother and more efficient workflow; and
- (b) cost savings enjoyed by the Group due to eliminating the need of renting a factory and dormitory for the duration of the project.

5. FINANCIAL EFFECTS OF THE PURCHASE OF PROPERTY

The financial effects of the Purchase of Property set out below, based on the Group's audited consolidated financial statements for the financial year ended 31 December 2018 ("**FY2018**"), are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after Completion.

5.1 Net Tangible Assets per Share

The effect of the Purchase of Property on the net tangible assets ("**NTA**") per share of the Group for FY2018, assuming that the Purchase of Property had been effected on 31 December 2018 is as follows:

As at 31 December 2018	Before the Purchase of Property	After the Purchase of Property
NTA (S\$'000)	19,572	19,466
NTA per share (Cents)	10.31	10.27

5.2 Earnings per Share

The effect of the Purchase of Property on the earnings per share of the Group for FY2018, assuming that the Purchase of Property had been effected on 1 January 2018 is as follows:

FY2018	Before the Purchase of Property	After the Purchase of Property
Profits after tax (S\$'000)	1,161	1,055
Earnings per share (Cents)	0.61	0.56

5.3 Gearing

The effect of the Purchase of Property on the gearing of the Group for FY2018, assuming that a bank borrowing of S\$1,500,000 was obtained for the Purchase of Property which had been effected on 31 December 2018 (purely for illustrative purpose only) is as follows:

FY2018	Before the Purchase of Property	After the Purchase of Property
Total borrowings (S\$'000)	145	1,645
Shareholders' funds (S\$'000)	19,572	19,466
Gearing ratio (times)	0.007	0.085

6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

The relative figures for the Purchase of Property computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") are as follows:

1006 (a)	Net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable
1006 (b)	Net profits attributable to the assets acquired or disposed of, compared with the group's net profits	Not applicable
1006 (c)	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	The Consideration of S\$2,540,000 for the Purchase of Property represents approximately 19.97% of the Company's market capitalisation of approximately S\$12,718,174 ⁽¹⁾ as at 30 December 2019 (being the last market day preceding the date of the exercise of Option in which the Company's shares were traded).
1006 (d)	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)	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.	Not applicable

Note:

- (1) The market capitalization is calculated by multiplying 189,823,497 ordinary shares in issue as at the date of the exercise of the Option by the volume weighted average price of S\$0.0670 per share on 30 December 2019 (being the last market day preceding the date of the exercise of Option in which the Company's shares were traded).

As the relative figures set out in 1006(c) exceeds 5% but is less than 75%, the Purchase of Property constitutes a disclosable transaction as defined in the Catalist Rules. Accordingly, approval from shareholders is not required.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Purchase of Property, other than through their shareholdings in the Company (if any).

8. SERVICE CONTRACT

No person will be appointed to the Board of Directors of the Company, and no service contract will be entered into by the Company, in connection with the Purchase of Property.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Option to Purchase is available for inspection at the registered office of the Company at 53 Ubi Avenue 3, #02-01 Singapore 408863 during normal business hours for three (3) months from the date of this announcement.

10. UPDATES TO SHAREHOLDERS

The Company will update its shareholders on any further material developments relating to the Purchase of Property.

By Order of the Board

Foo Suay Wei
Executive Director
13 January 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 Ms. Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00, Income at Raffles Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).