K1 VENTURES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 197000535W)

PROPOSED CAPITAL REDUCTION

---

1. INTRODUCTION

The Board of Directors of k1 Ventures Limited (the "**Company**") wishes to announce a proposed capital reduction exercise (the "**Proposed Capital Reduction**") to be carried out by the Company pursuant to Section 78G of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), which will involve a cash distribution (the "**Cash Distribution**") by the Company to the shareholders of the Company (the "**Shareholders**") of S$0.075 in cash for each ordinary share in the capital of the Company (a "**Share**") held by a Shareholder as at a books closure date to be determined by the Directors of the Company (the "**Books Closure Date**"), amounting to an aggregate distribution of approximately S$32,484,269.

2. THE PROPOSED CAPITAL REDUCTION

2.1 **Proposed Capital Reduction.** As at the date of this Announcement, the Company has an issued share capital of approximately S$163,954,371. The Company is proposing to return S$0.075 in cash for each Share held by the Shareholders or on their behalf as at the Books Closure Date. Based on the number of existing issued Shares of 433,123,585 as at the date of this Announcement, an aggregate amount of approximately S$32,484,269 will be returned to the Shareholders pursuant to the Proposed Capital Reduction.

The Proposed Capital Reduction will not result in any change in the number of Shares held by any Shareholder. Each Shareholder will hold the same number of Shares before and immediately after the Proposed Capital Reduction.

2.2 **Funds for the Proposed Capital Reduction.** The Proposed Capital Reduction will be funded from existing cash and cash equivalents. The Company is undertaking the Proposed Capital Reduction in order to distribute surplus cash to Shareholders.

2.3 **Illustration.** The following illustrates the position of a Shareholder who holds 1,000 Shares as at the Books Closure Date:

	Shareholder
Shareholding before the Proposed Capital Reduction	
Number of Shares currently held	1,000
Shareholding after the Proposed Capital Reduction	
Cash received (S$)	75
Number of Shares held after the Proposed Capital Reduction	1,000

In summary, the Shareholders will receive S$75.00 in cash for every 1,000 Shares (or S$0.075 in cash for each Share) held as at the Books Closure Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 1,000 Shares) will likewise receive S$0.075 in cash for each Share held as at the Books Closure Date. The shareholding of each Shareholder in the Company shall remain unchanged after the Proposed Capital Reduction.

3. RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

The Board has reviewed the capital structure of the Company while taking into consideration that the Company will not be making any new investments, but will focus on managing the current portfolio of assets, with a view to monetise when appropriate and distribute surplus cash to Shareholders. As such, the Board is of the view that the capital of the Company is in excess of its requirements and the Proposed Capital Reduction will allow the Company to return approximately S$32,484,269 to Shareholders.

The main objective of the Proposed Capital Reduction is the maximisation of shareholder value, through the distribution of surplus cash to Shareholders.

The Board believes that following the Proposed Capital Reduction, the Company will continue to maintain a sufficient capital base which will allow it to continue to execute on the strategy of proactively managing the current portfolio of investments.

4. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Capital Reduction are set out in the **Appendix** to this Announcement. The pro forma financial effects are for illustration purposes only and do not reflect the actual financial position of the Company and its subsidiaries (the "**Group**") after the Proposed Capital Reduction.

5. APPROVALS AND CONDITIONS

5.1 Conditions for the Proposed Capital Reduction. The Proposed Capital Reduction is subject to, *inter alia*:

(i) the approval of the Shareholders by way of a special resolution for the Proposed Capital Reduction (i.e. 75 per cent. of those present and voting) at an extraordinary general meeting of the Shareholders to be convened (the "**EGM**");

(ii) the approval of the High Court of Singapore for the Proposed Capital Reduction; and

(iii) all other relevant approvals and consents being obtained.

5.2 **Payment Date.** On the lodgement of the copy of the Order of Court approving the Proposed Capital Reduction, together with the other documents as prescribed under the Companies Act, with the Accounting and Corporate Regulatory Authority of Singapore, the Proposed Capital Reduction shall take effect, and the Cash Distribution will become payable.

6. DESPATCH OF CIRCULAR

Subject to the receipt of the approval in-principle from the SGX-ST, a circular containing, *inter alia*, further information on the Proposed Capital Reduction and the EGM will be despatched to Shareholders in due course.

In the meantime, Shareholders are advised to exercise caution when dealing in the Company's securities. When in any doubt, Shareholders are advised to seek independent advice from their stockbroker, bank manager, accountant, solicitor or other professional adviser.

BY ORDER OF THE BOARD OF
K1 VENTURES LIMITED

Winnie Mak
Company Secretary

3 August 2016

APPENDIX

PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REDUCTION

1. **Assumptions.** The pro forma financial effects of the Proposed Capital Reduction on the net asset value ("**NAV**") of the Group, the share capital of the Group and the leverage ratios of the Group have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2016 ("**FY2016**"). The pro forma financial effects are purely for illustration purposes only and do not reflect the actual financial position of the Group after the Proposed Capital Reduction.

2. **NAV.** The pro forma financial effects of the Proposed Capital Reduction on the NAV of the Group for FY2016 are as follows:

	Before the Proposed Capital Reduction	**After the Proposed Capital Reduction**
NAV (S$'000)	**207,732**	**175,248**

3. **Share Capital.** The Proposed Capital Reduction will not have any impact on the number of Shares held by the Shareholders. The pro forma financial effects of the Proposed Capital Reduction on the share capital of the Company for FY2016 are as follows:

	Shares	**Value**
Share capital as at 30 June 2016	433,123,585	**163,954,371**
Pro forma adjusted issued share capital after the Proposed Capital Reduction and the Cash Distribution	433,123,585	**131,470,102**

4. **Leverage Ratios.** The Group has no outstanding borrowings for FY2016.