



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

**THE PROPOSED ACQUISITION OF BUSINESS AND CERTAIN ASSETS
OF CHARLTON HOUSE HOTEL AND SPA OWNED BY BANNATYNE HOTELS LIMITED**

1. INTRODUCTION

- 1.1. The Board of Directors (the "**Board**") of KOP Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its indirect wholly-owned subsidiary, KOP Properties (UK) Limited (the "**Purchaser**"), has on 28 February 2023 entered into a purchase agreement (the "**Agreement**") with Bannatyne Hotels Limited (the "**Seller**"), pursuant to which the Seller has agreed to sell and transfer, and the Purchaser has agreed to purchase the business (including the Assets, as defined below) of the Seller, comprising the business of a hotel, private members' health and fitness club, beauty spa, restaurant, function rooms and wedding venue carried on by the Seller at Charlton House Spa Hotel, Charlton Road, Shepton Mallet, Somerset, BA4 4PR (the "**Property**") (collectively with the Assets, the "**Business**") (the "**Proposed Transaction**").
- 1.2. The Agreement was entered into with the Seller for a total purchase price of £3,140,000, to be paid by the Purchaser to the Seller in cash ("**Consideration**"). Please refer to Paragraph 3.1.2 of this Announcement for further details.

2. INFORMATION ON THE BUSINESS AND THE SELLER

- 2.1. The Seller is a private limited company incorporated in England and Wales and is in the business of operating hotels, all based in England.
- 2.2. The Seller presently operates the Business at the Property, which is a hotel with 28 en-suite guest rooms and is renowned for the provision of a unique country house experience.
- 2.3. The Seller is not related to any of the Company's directors, controlling shareholders of the Company ("**Shareholders**") or their respective associates. As at the date of this Announcement, the Seller does not hold any shares in the capital of the Company ("**Shares**") directly or indirectly.

3. PRINCIPAL TERMS OF THE AGREEMENT

3.1. Proposed Transaction

3.1.1 Sale of Business and Assets

The Proposed Transaction involves the sale of the Business of the Seller as a going concern, including the Assets, which includes the Property, the Goodwill, the Moveable Assets, the benefit of the Customer Contracts, the Stock, the Records, the Business Intellectual Property Rights and the Hotel Licences (each capitalised term as defined in the Agreement) (the "**Assets**"), which shall be sold to the Purchaser free from encumbrances.

3.1.2 Consideration

The Consideration was arrived at by the Purchaser and the Seller on a willing buyer willing seller basis, taking into account:

- (a) the location of the Property, located in Somerset, which is in the South West of England. This presents an unparalleled destination for the Group's intention to broaden its operations into the hospitality industry; and
- (b) the potential uplift in value of the Property with minor refurbishment to be carried out in the Property.

Based on the valuation of the Property by Colliers International Property Consultants Limited which has been commissioned by the Purchaser on 16 February 2023 (the "**Valuation Report**"), the indicative market value of the Property is £3,100,000 based on profit method.

The Consideration for the Proposed Transaction will be satisfied by the Purchaser by telegraphic transfer of immediately available funds in sterling to the client account of Ward Hadaway LLP of Sandgate House ("**Seller's Solicitors**") (the Seller's Solicitors hereby being irrevocably authorised by the Seller to receive the same), and payment in accordance with the Agreement shall be a good and valid discharge of the Purchaser's obligations to pay the sum(s) in question, and the Purchaser shall not be concerned to see the application of the monies so paid.

The Company intends to fund the Consideration by way of internal cash resources of the Group.

The Company has conducted due diligence comprising, *inter alia*, legal, financial and business due diligence, on the Business (comprising the Assets).

3.1.3 Completion

The completion of the sale and purchase of the Business (comprising the Assets) ("**Completion**") shall take place when the Seller and Purchaser comply with its obligations as set out in the Agreement. The Completion of the Proposed Transaction is expected to take place on 3 March 2023.

3.1.4 Employees

The contracts of employment of any of the persons wholly employed by the Seller in the Business ("**Employee**") immediately prior to 11.00 a.m. on the day of Completion ("**Effective Time**") shall be transferred to the Purchaser or nominees of the Purchaser pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 of the United Kingdom with effect from the Effective Time.

3.1.5 Non-solicitation

Subject to the terms of the Agreement, neither the Seller nor a member of the Seller's group will whether directly or indirectly for a period of 12 months after Completion, solicit, entice, employ, seek to employ, conclude any contract for services with, offer or procure or facilitate the making of any such offer by any other person, any person who was an Employee.

3.1.6 Completion Deliverables

The items to be delivered to the Purchaser on Completion include, *inter alia*:

- (a) all the Assets which are capable of transfer by delivery (with the intent that physical possession and legal and beneficial ownership of those Assets shall pass to the Purchaser on delivery);
- (b) the transfer of the Property in the agreed form, as annexed to the Agreement, duly executed by the Seller;
- (c) the assignment to the order of the Purchaser all Customer Contracts (as defined in the Agreement) in accordance with their terms and conditions;
- (d) the Records and Customer Contracts (as defined in the Agreement);
- (e) in respect of the Seller's premises licence in relation to the Property:
 - (i) a duly executed consent to transfer form; and
 - (ii) the original copy of the premises licence;
- (f) the original copy of the Seller's civil ceremonies licence in respect of the Property;
- (g) a duly executed form relating to Seller's business name; and
- (h) a rent authority letter addressed to a tenant under the lease of the electric vehicle charging point at the Property.

The Purchaser shall apply to register the transfer of the Property at HM Land Registry within one month following completion of the transfer and send to the Seller the official copies of the Purchaser's title within one month of completion of the registration.

4. **RATIONALE FOR THE PROPOSED TRANSFER**

The Business has maintained a stable increase in income stream track record for the last three financial years. Further, the Proposed Transaction is beneficial to the Company as it fits into the Company's hospitality portfolio where leisure experiences are provided to clients.

The Proposed Transaction marks the Group's re-entry into the United Kingdom market. The Business is expected to provide the Group with a growing stream of recurring income and cash flow

in the United Kingdom where the Board is of the view that the demand for the hospitality industry could increase. The Group's further venture into hotels is also well-placed in the strategic roadmap for the Group's expansion and can potentially accelerate the revenue growth and execution of the business strategies of the Group.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

5.1. Relative Figures under Rule 1006 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST")

The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net loss ⁽²⁾	Not meaningful ⁽³⁾
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares in the share capital of the Company (excluding treasury shares)	12.06% ⁽⁴⁾
(d)	The aggregate number of consideration shares issued by the Company as consideration for the Proposed Transaction, compared with the number of equity securities previously in the issue	Not applicable ⁽⁵⁾
(e)	Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	Not applicable ⁽⁶⁾

Notes:

- (1) This is not applicable as the Company is not disposing any assets pursuant to the Proposed Transaction.
- (2) "Net profit" or "net loss" means profit or loss before income tax, minority interests and extraordinary items.
- (3) The relative figure under Rule 1006(b) of the Catalist Rules is not meaningful as its absolute value is zero when rounded to one decimal place. This is computed based on net profits attributable to the assets acquired of £3,012 (equivalent to S\$4,872)¹ and the Group's net loss of S\$37,030,000 as per the unaudited condensed interim financial statements for third quarter ended 31 December 2022.

- (4) Computed based on the sum of the Consideration of £3,140,000 (equivalent to S\$5,079,000)¹ and the Company's market capitalisation of S\$42,103,000 as at 21 February 2023 (being the date on which the Shares were traded preceding the date of the Agreement). The market capitalisation of the Company is determined by multiplying the Shares in issue (being 1,107,962,214 Shares, excluding treasury Shares) by the weighted average price of S\$0.038 of such Shares transacted on 21 February 2023 (being the date on which the Shares were traded preceding the date of the Agreement).
- (5) Rule 1006(d) of the Catalist Rules is not applicable as the Company is not issuing consideration shares as consideration for the Proposed Transaction.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed on the applicable bases as set out in Rule 1006 of the Catalist Rules exceed 5%, the Proposed Transaction will be classified as a "Discloseable Transaction" for the purposes of Chapter 10 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The unaudited pro forma financial effects of the Proposed Transaction on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent actual financial effects of the Proposed Transaction on the net tangible assets ("NTA") per Share, the earnings per Share ("EPS") and gearing of the Group, nor do they represent the actual future financial position or financial performance of the Group after completion of the Proposed Transaction.

For illustrative purposes only, the unaudited pro forma financial effects set out below have been prepared based on the latest audited accounts of the Group for the financial year ended 31 March 2022, subject to the following bases and assumptions:

- (a) the computations are purely for illustrative purposes only and do not reflect the actual financial result and the financial position of the Company and/or the Group after the Proposed Transaction;
- (b) for the purposes of computing the effect of the NTA per Share of the Group and gearing of the Group, it is assumed that the Proposed Transaction was completed on 31 March 2022;
- (c) for the purposes of computing the effect of the Proposed Transaction on the EPS, it is assumed that the Proposed Transaction have been completed on 1 April 2022; and
- (d) the transaction costs incurred for the Proposed Transaction are insignificant and ignored for computational purposes.

The pro forma financial effects set out in this Announcement are theoretical in nature and are therefore not necessarily reflective of the results of the Group or the related effects on its financial position that would have been attained had the Proposed Transaction taken place in accordance with the main assumptions set out herein.

6.1. Effect on the NTA per Share

¹ Unless otherwise indicated, the sterling amounts in this announcement have been translated into S\$ amounts based on an exchange rate of S\$1.61753 : £1 as published on Oanda.com's website as at 31 December 2022.

Assuming that the Proposed Transaction had been completed on 31 March 2022, there would be no impact on the Group's NTA per Share of 10.11 before the Proposed Transaction and after the Proposed Transaction.

6.2. Effect on the EPS

Assuming that the Proposed Transaction had been completed on 1 April 2022, there would be no impact on the Group's EPS (cents) of (0.97) before the Proposed Transaction and after the Proposed Transaction.

6.3. Effect on Net Gearing

Assuming that the Proposed Transaction had been completed on 31 March 2022, there would be no impact on the Group's net gearing ratio of 1.29 before the Proposed Transaction and after the Proposed Transaction.

6.4. Effect on Share Capital

The Proposed Transaction will not have any impact on the issued and paid-up share capital of the Company.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholding interests, direct or indirect, in the Company.

8. NO SERVICE CONTRACT

As at the date of this Announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and Valuation Report will be made available for inspection during normal business hours at the registered office of the Company at 316 Tanglin Road, #01-01, Singapore 247978 for a period of three (3) months from the date of this Announcement.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 Proposed Transaction and the Group, and the Directors 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 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.

11. FURTHER UPDATES

The Company will update the Shareholders if there are any material developments and will make the necessary announcements on SGXNet in compliance with the Listing Rules of the SGX-ST.

12. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares as there is no certainty or assurance that the Proposed Transaction will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are also advised to read this Announcement and any further announcements by the Company carefully, and where in doubt as to the action that they should take, they should consult their financial, tax or other professional adviser immediately.

By Order of the Board

Ong Chih Ching
Executive Chairman and Executive Director
1 March 2023

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.

The contact person for the Sponsor is Mr. Khong Choun Mun, Registered Professional, 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com.