



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 an amount up to S\$0.3035 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 up to S\$131,453,008.05.

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\$131,470,102. The Company is proposing to return up to S\$0.3035 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 up to S\$131,453,008.05 may 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 in addition to sale proceeds from the disposal of the Company’s entire interests in Guggenheim Capital, LLC (the “**Guggenheim Disposal**”) as announced on 28 July 2017. 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 100 Shares as at the Books Closure Date:

	Shareholder
Shareholding before the Proposed Capital Reduction	
Number of Shares currently held	100
Shareholding immediately after the Proposed Capital Reduction	
Cash received	Up to S\$30.35
Number of Shares held immediately after the Proposed Capital Reduction	100

In summary, the Shareholders will receive up to S\$30.35 in cash for every 100 Shares (or up to S\$0.3035 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 100 Shares) will likewise receive up to S\$0.3035 in cash for each Share held by them or on their behalf 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

As previously announced, following the completion of the Guggenheim Disposal, the Company would have disposed of substantially all of its assets and property. It is the Company's intent to distribute its excess cash to Shareholders. The Proposed Capital Reduction will allow the Company to distribute excess cash that cannot otherwise be distributed by way of a dividend distribution which is limited to revenue reserves. After the Company distributes its excess cash to Shareholders following the completion of the Guggenheim Disposal, the Company is expected to take steps to commence voluntary liquidation, but will also consider other options which are consistent with the Company's stated objective of monetisation of investments and distribution of excess cash.

In light of the above, the Board has reviewed the capital structure of the Company and is of the view that the capital of the Company is in excess of its requirements. The Proposed Capital Reduction will allow the Company to return an aggregate of up to S\$131,453,008.05 to Shareholders.

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 may 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 completion of the Guggenheim Disposal having taken place;
- (ii) 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**”);
- (iii) the approval of the High Court of Singapore for the Proposed Capital Reduction; and
- (iv) 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

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 any other professional adviser.

BY ORDER OF THE BOARD OF
K1 VENTURES LIMITED

Winnie Mak
Company Secretary

16 August 2017

APPENDIX

PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED CAPITAL REDUCTION

- 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 2017 (“FY2017”). The pro forma financial effects are purely for illustration purposes only and may not reflect the actual financial position of the Group after the Proposed Capital Reduction.
- NAV.** Assuming an aggregate amount of S\$131,453,008.05 is returned to Shareholders, the pro forma financial effects of the Proposed Capital Reduction on the NAV of the Group for FY2017 are as follows:

	Before the Proposed Capital Reduction	After the Proposed Capital Reduction
NAV (S\$'000)	329,475	198,022
NAV per Share (S\$)	0.761	0.457

- Share Capital.** The Proposed Capital Reduction will not have any impact on the number of Shares held by the Shareholders. Assuming an aggregate amount of S\$131,453,008.05 will be returned to Shareholders, the pro forma financial effects of the Proposed Capital Reduction on the share capital of the Company for FY2017 are as follows:

	Shares	Value (S\$)
Share capital as at 30 June 2017	433,123,585	131,470,102
Pro forma adjusted issued share capital after the Proposed Capital Reduction and the Cash Distribution	433,123,585	17,094

- Leverage Ratios.** The Group has no outstanding borrowings as at 30 June 2017.