

KOP LIMITED

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

PROPOSED ISSUE OF UP TO 221,592,443 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1 INTRODUCTION

The Board of Directors (the "**Board**") of KOP Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, on 14 November 2016, entered into a placement agreement ("**Placement Agreement**") with UOB Kay Hian Private Limited (the "**Placement Agent**"), pursuant to which the Placement Agent will, on a best endeavours basis, procure subscribers for up to 221,592,443 new ordinary shares in the capital of the Company ("**Placement Shares**") at a placement price of S\$0.115 (the "**Placement Price**") for each Placement Share, to raise an aggregate of up to S\$25,483,130.95 (the "**Proposed Placement**").

On the assumption that 221,592,443 Placement Shares are subscribed, the Placement Shares represent 25% of the existing issued share capital of the Company. Upon completion of the Proposed Placement, and assuming that no new Shares are issued, the Placement Shares will represent 20% of the enlarged share capital of the Company.

The offer of the Placement Shares from the Company shall only be offered for subscription to institutional investors pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"), or accredited investors or relevant persons pursuant to Section 275 of the Securities and Futures Act. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

The Sponsor of the Company, Hong Leong Finance Limited, will be making an application on behalf of the Company to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing of and quotation for the Placement Shares on the Catalist of the SGX-ST.

2 USE OF PROCEEDS

On the assumption that 221,592,443 Placement Shares are subscribed at the Placement Price, the estimated net proceeds from the Proposed Placement is S\$24.9 million after deducting estimated fees and expenses of approximately S\$0.6 million ("**Net Proceeds**"). The Company intends to utilise the Net Proceeds in the following proportions:

Use of Net Proceeds	Proportion (%)	Amount
To support business development and business expansion	50	S\$12.45 million
General working capital	50	S\$12.45 million

Pending deployment of the Net Proceeds for such purposes, the Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed, and will provide a status report on the use of the Net Proceeds in the annual report of the Company.

3 PRINCIPAL TERMS OF THE PLACEMENT AGREEMENT

3.1 Placement Shares and Placement Price

The Placement Price was arrived at following arm's length negotiations between the Company and the Placement Agent, and represents a premium of approximately 43% to the volume weighted average price of S\$0.0804 for each share of the Company ("**Share**") for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 11 November 2016 (being the last full market day prior to the signing of the Placement Agreement).

The Placement Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances and shall rank in all respects *pari passu* with the then existing issued Shares at the time of the issue except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions the record date for which falls on or before the date of the issue of the Placement Shares.

3.2 Conditions Precedent

Completion of the Proposed Placement shall take place on the date falling three business days from the date on which the Listing Approval (as defined below) is obtained (the "**Completion Date**"), and is conditional upon the following (collectively, the "**Conditions**"):

- (a) approval for the listing and quotation of the Placement Shares on the SGX-ST being obtained (the "**Listing Approval**"), and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before Completion Date (as defined below), they are so fulfilled;
- (b) the exemption under Section 274 and 275 of the Securities and Futures Act being applicable to the Proposed Placement;
- (c) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company or the Placement Agent;
- (d) the delivery to the Placement Agent on Completion Date, of a certificate, substantially in the form set out in the Placement Agreement, to certify, amongst others, that there has been no material adverse change in the condition, financial or otherwise of the Company or the Group, signed on behalf of the Company by its duly authorised officers;
- (e) there not having occurred, in the opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the Placement or is reasonably likely to prejudice materially the success of the Proposed Placement or dealings in the Placement Shares in the secondary market; and
- (f) the representations, warranties and undertakings in the Placement Agreement remaining true and correct in all material respects as at the Completion Date and the Company having performed all of its obligations hereunder to be performed on or before the Completion Date.

If any of the Conditions is not satisfied on or before the date falling four weeks after the date of the Placement Agreement or such other date as the Company and the Placement Agent may mutually agree, the Placement Agreement shall terminate and shall be of no further effect and neither the Company or nor the Placement Agent shall be under any liability to the other in respect

of the Placement Agreement save that the Company shall remain liable for the indemnities it has provided to the Placement Agent and for the reimbursement of costs and expenses incurred by the Placement Agent in respect of the Proposed Placement up to the date of such termination.

3.3 Commission

A placement commission of 2.25% of the Placement Price for each Placement Share subscribed is payable by the Company to the Placement Agent pursuant to the Placement Agreement.

4 AUTHORITY TO ISSUE THE PLACEMENT SHARES

The Placement Shares will be issued pursuant to the share issue mandate (the “**Share Issue Mandate**”) which was approved by shareholders of the Company at the annual general meeting of the Company held on 28 July 2016 (“**AGM**”). Pursuant to the Share Issue Mandate, Directors have the authority to issue Shares and/or make or grant offers, agreements, or options (collectively, “**Instruments**”) that might or would require Shares to be issued, such that the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments, made or granted) does not exceed 100% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM, of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM.

As at the date of the AGM, the Company had an issued share capital of 886,369,771 Shares. As no Share has been issued pursuant to the Share Issue Mandate, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 886,369,771 Shares, of which the maximum number of Shares that can be issued other than on a pro rata basis is 443,184,885 Shares. The 221,592,443 Placement Shares that may be issued pursuant to the Proposed Placement falls within the limits of the Share Issue Mandate.

5 FINANCIAL EFFECTS

The financial effects of the Proposed Placement on the net tangible asset (“**NTA**”) per Share and the earnings per Share (“**EPS**”) are prepared for illustration only and do not purport to reflect the actual future results and financial position of the Group following completion of the Proposed Placement. The financial effects have been computed based on the following bases and assumptions:

- (a) the audited consolidated financial statements of the Group for the financial year ended 31 March 2016;
- (b) the effect of the Proposed Placement on the NTA per Share is computed based on the issued share capital of 886,369,771 Shares before the Proposed Placement and on the assumption that the Proposed Placement was completed on 31 March 2016; and
- (c) the effect of the Proposed Placement on the EPS is computed based on the issued share capital of 886,369,771 Shares before the Proposed Placement and on the assumption that the Proposed Placement was completed on 1 April 2015.

	Before Completion of the Proposed Placement	After Completion of the Proposed Placement
Issued and paid-up share capital (S\$'000)	283,427	308,327
Number of Shares	886,369,771	1,107,962,214
NTA per Share (cents)	10.51	10.65
EPS (cents)	0.04	0.03

6 DIRECTORS' OPINION ON WORKING CAPITAL

The Directors are of the opinion that, after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Nevertheless, the Company intends to utilise the Net Proceeds to support its business development and business expansion, and for general working capital.

7 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Placement, other than their respective interests in the Shares.

8 GENERAL

The Company will make the necessary announcements once the listing and quotation notice for the Placement Shares has been obtained from the SGX-ST.

9 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company 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 Placement, the Company and its subsidiaries, and the Directors of the Company 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 of the Company has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Ong Chih Ching
Executive Chairman and Executive Director

14 November 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A Hong Leong Building, Singapore 048581, Telephone: (65) 6415 9886.