



KOON HOLDINGS LIMITED
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 200303284M)
(ARBN 105 734 709)

TERMINATION OF JV AGREEMENT BETWEEN KCTC AND POC

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Koon Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 3 November 2014 (the “**Previous Announcement**”) in relation to the new joint venture by way of a joint venture agreement (the “**JVA**”) between its wholly-owned subsidiary, Koon Construction & Transport Co. Pte. Ltd. (“**KCTC**”) and Penta-Ocean Construction Company Limited (“**POC**”), which is registered with the Accounting and Corporate Regulatory Authority of Singapore as a partnership with the name, “Penta-Ocean/Koon Joint Venture” (the “**JV**”).
- 1.2 Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the Previous Announcement.
- 1.3 As mentioned in the Previous Announcement, the JV was awarded a S\$1.108 billion contract (the “**Contract**”) to carry out land preparation works for the expansion of Changi Airport (the “**Project**”) by the Ministry of Transport.

2. Termination of JVA

The Board wishes to announce that KCTC and POC have on 9 December 2019 entered into a termination agreement (the “**Termination Agreement**”) to terminate the JVA on the terms therein (the “**Termination**”). Pursuant to the terms of the Termination Agreement, KCTC and POC have agreed, *inter alia*, to terminate the JVA as follows:

- (a) POC shall indemnify KCTC against any claims incurred by the JV and would be solely responsible for fulfilling the JV’s commitment in completing the remaining works with the Ministry of Transport for the Project; and
- (b) all of the JV’s rights and obligations arising out of and/or in connection with the Contract shall be taken over by POC, in its capacity as the remaining entity of the JV. POC, in its capacity as contractor under the Contract, shall also release and discharge KCTC from the performance of the Contract, and from all obligations and liabilities arising out of and/or in connection with the Contract.

3. Novation Agreement

In connection with the Termination Agreement, the JV has also on 9 December 2019 entered into a novation agreement (the “**Novation Agreement**”) with the Ministry of Transport and POC, to novate the Contract in respect of the Project to POC (the “**Novation**”). Pursuant to the terms of the Novation Agreement, POC will assume responsibility and liability for all works previously undertaken by the JV, and the JV will be released and discharged of its rights, duties and obligations under the Contract, such rights, duties and obligations to be assumed by POC in place of the JV.

4. Rationale for the Termination and Novation

- 4.1 The JV was formed for the purposes of carrying out the Project. The duration of the Project was initially anticipated to be approximately six years, of which approximately one year remains. The Project is nearing completion, with over 90% of the works under the Project having been completed as at October 2019.
- 4.2 In view of the ongoing restructuring exercise of the Group pursuant to which the Company and KCTC had filed moratorium applications under Section 211B of the Companies Act (Cap. 50), KCTC and POC have now come to an agreement for the JVA to be terminated and for KCTC to novate the Contract to POC.
- 4.3 Upon completion of the Termination and Novation, the Company and KCTC will not be required to provide corporate guarantees in respect of the JV and this would significantly reduce the Company’s and KCTC’s contingent liabilities and obligations. Accordingly, the Company believes the Termination and Novation is in the best interests of its shareholders.

5. Miscellaneous

- 5.1 None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Termination and Novation, other than through their respective shareholdings in the Company.
- 5.2 The Termination and Novation is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 31 December 2019.
- 5.3 Shareholders and holders of the Company’s securities are advised to read this announcement and any further announcements by the Company carefully. Shareholders and holders of the Company’s securities should consult their stockbrokers, bank managers, solicitors, or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Oh Koon Sun
Acting Managing Director
9 December 2019