

# COGENT HOLDINGS LIMITED

(Co. Reg. No. 200710813D)

(Incorporated in Singapore)

- 
1. **NON-COMPLETION OF PROPOSED DISPOSAL**
  2. **SURRENDER OF LEASE OF PROPERTY AT NO. 1 CHIA PING ROAD, SINGAPORE 619967 TO JURONG TOWN CORPORATION (“JTC”)**
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## 1. **NON-COMPLETION OF THE PROPOSED DISPOSAL**

The Board of Directors (the “**Board**”) of Cogent Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement of the Company on 30 July 2013 with regards to SH Cogent Logistics Pte Ltd (the “**Vendor**” or “**SHCL**”), a wholly-owned subsidiary of the Company, having granted an option to purchase (the “**Option to Purchase**”) to Crane World Asia Pte Ltd (Company Registration No. 201007930G) and/or its nominee(s) (the “**Purchaser**”), in consideration of Singapore Dollars One Hundred Thousand only (\$100,000.00) (hereinafter referred to as the “**Option Money**”) pursuant to which the Purchaser has an option to purchase the Vendor’s property at No. 1 Chia Ping Road, Singapore 619967 (the “**Property**”) on the terms and subject to the conditions set out in the Option to Purchase (“**Proposed Disposal**”).

*Unless otherwise defined, all capitalised terms used herein shall have the same meaning ascribed thereto in the aforesaid announcement.*

Pursuant to the Option to Purchase, one of the conditions precedent for the completion of the Proposed Disposal is the approval of the JTC for the Proposed Disposal. The Vendor has obtained JTC’s written confirmation that the Proposed Disposal is not approved by JTC, as the Property is subject to JTC’s redevelopment plans. As such, the Vendor and the Purchaser are not able to complete the Proposed Disposal.

In accordance with the terms of the Option to Purchase, the sale and purchase of the Property is deemed null and void; the parties to the Proposed Disposal have since refunded the Deposit; and the Purchaser has withdrawn the caveats lodged on the Property.

## 2. **SURRENDER OF LEASE**

Further thereto, JTC has on 24 February 2014 made a proposal to SHCL for the surrender of the lease of Property (the “**Lease**”) (“**Surrender of Lease**”). SHCL has on 6 March 2014 accepted the JTC’s proposal for the said lease surrender, details of which are set out in paragraph 5 below of this announcement.

## 3. **THE PROPERTY**

As disclosed earlier in the Company’s announcement of 30 July 2013, the Property comprises a land area of approximately 14,900 square metres. The Property is currently used for warehousing and related logistics services, engineering and handling of automotives.

## 4. **RATIONALE FOR THE SURRENDER OF LEASE**

Located in the Tukang estate, the Property is under a 60-year lease commenced in April 1967 and expires in March 2027. The Property was subsequently earmarked by JTC for redevelopment by 31 December 2015.

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The operations at the Property is a standalone one, and its discontinuation will not have any adverse impact on the Group's operations.

The disposal of the Property will allow the Group to consolidate and rationalise its logistics operations. As part of this consolidation, the Group intends to reallocate its warehousing capabilities and resources, enhance coordination among its existing operations and broaden its customer bases at its other facilities.

## 5. SALIENT TERMS OF THE SURRENDER OF LEASE

The salient terms of the Surrender of Lease are, *inter alia*, as follows:-

### (i) Consideration sum

The consideration payable by the JTC for the Surrender of Lease shall be a sum of Singapore Dollars Nine Million and Two Hundred Thousand only (\$9,200,000.00) ("**Consideration Sum**") excluding goods and services tax ("**GST**"). The GST shall be borne by the JTC.

### (ii) Completion Date

The parties agree that the completion of the Surrender of Lease shall take place on 30 September 2014 or within such extended period as may be agreed between the parties in writing ("**Completion Date**").

### (iii) Late Completion

In the event SHCL fails to complete the Surrender of Lease by the Completion Date, without prejudice to the other rights or remedies of the JTC, SHCL shall, so long as the failure continues, pay the JTC market rent and GST for land and building as reasonably determined by the JTC ("**Rent**") for the Property. The Rent shall be deducted from the Consideration Sum upon completion. Any request for extension of time to complete beyond the Completion Date is subject to the written approval of the JTC.

### (iv) Settlement of Property Tax & Other Outgoings

From the period up to and including the Completion Date, SHCL shall pay:-

- (a) directly to Inland Revenue Authority of Singapore all property tax including any surcharge therein, whether such tax is levied or (as the case may be) increased before, on or retrospectively after the Completion Date;
- (b) directly to all other relevant authorities or third parties, all other taxes, rates, charges and outgoings which remain outstanding,

and shall indemnify the JTC in respect of the same.

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SHCL shall also pay to the JTC all sums owing to the JTC including but not limited to rent, interest and other outgoings. Any such sums remaining outstanding on the Completion Date shall be deducted from the Consideration Sum.

**(v) Performance of Lessee’s Covenants**

SHCL shall continue to observe and perform all the lessee’s covenants and conditions in the Lease for the Property until the Completion Date.

## 6. RULE 1006 OF THE SGX-ST LISTING MANUAL

Based on the latest announced unaudited financial statements of the Group for the financial year ended 31 December 2013, the relative figures of the Surrender of Lease computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the Property to be disposed of compared with Group’s net asset value <sup>(1)</sup>	4.3%
(b)	Net profit <sup>(2)</sup> attributable to the Property disposed of, compared with the Group’s net profits	3.8%
(c)	Aggregate value of the Consideration Sum of S\$9,200,000 received, compared with the Group’s market capitalisation on 5 March 2014, being the market day preceding the date of SHCL accepting the Surrender of Lease <sup>(3)</sup>	6.9%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

**Notes:**

- (1) Based on the latest announced Group’s financial results for the year ended 31 December 2013 (“**FY2013**”) and assuming the Surrender of Lease was effected on 31 December 2013, the net asset value of the Property to be disposed of as at 31 December 2013 was S\$3,315,000 while the Group’s net asset value as at 31 December 2013 was S\$77,941,000.
- (2) Under Rule 1002(3)(b), “net profit” means profit before income tax, minority interests and extraordinary items. The Group’s net profit was approximately S\$18,037,000 for FY2013 and the aggregate net profit attributable to the Property was approximately S\$679,000 for FY2013.

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- (3) Based on the Company’s weighted average share price of S\$0.277 transacted on the market day preceding the date of SHCL accepting the Surrender of Lease.

Based on the relative figures computed above, the Surrender of Lease is a discloseable transaction for purposes of Chapter 10 of the Listing Manual of the SGX-ST and therefore approval of shareholders of the Company (the “**Shareholders**”) is not required.

## 7. FINANCIAL EFFECTS OF THE SURRENDER OF LEASE

The pro forma financial effects of Surrender of Lease on the Company’s consolidated net tangible assets (“**NTA**”), consolidated Earnings Per Share (“**EPS**”) and gearing ratio are set out below, and have been prepared on the basis that the Surrender of Lease had completed:

- (i) for the purpose of the balance sheet, as at 31 December 2013, being the date to which the latest full year unaudited financial statements of the Company were made up; and
- (ii) for the purpose of the profit and loss account, from 1 January 2013 being the start of the latest financial year for which the Group’s financial results had been announced.

The pro forma financial effects of the Surrender of Lease on the consolidated NTA and consolidated EPS of the Company are purely for illustrative purposes only. The financial effects stated below are neither indicative of the actual financial effects of the Surrender of Lease on the consolidated NTA and consolidated EPS of the Company, nor are they indicative of the financial performance of the Company for the financial year ended 31 December 2013 (“**FY2013**”).

### (a) EPS

The pro forma financial effects of the Surrender of Lease on the earnings per share of the Company for FY2013, assuming that the Surrender of Lease had been completed as at 1 January 2013 are as follows:-

	Before the Surrender of Lease	After the Surrender of Lease
Net profit after tax (S\$ '000)	15,129	20,247
Weighted average number of shares (‘000)	478,500	478,500
EPS (S\$ cents)	3.16	4.23

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### (b) NTA

The pro forma financial effects of the Surrender of Lease on the NTA of the Company as at 31 December 2013, assuming that the Surrender of Lease had been completed as at 31 December 2013 are as follows:-

	Before adjusting for the Surrender of Lease	After adjusting for the Surrender of Lease
NTA (S\$ '000)	77,941	83,826
NTA per share (S\$ cents)	16.29	17.52

### (c) Gearing

The pro forma financial effects of the Surrender of Lease on the gearing of the Group for FY2013, assuming that the Surrender of Lease had been completed as at 31 December 2013 are as follows:

	Before the Surrender of Lease	After the Surrender of Lease
Total borrowings (S\$ '000)	53,888	53,888
Total equity (S\$ '000)	77,941	83,826
Gearing (times) <sup>(4)</sup>	0.69	0.64

**Note:**

(4) Gearing equals total borrowings divided by total equity.

## 8. VALUE OF THE PROPERTY AND GAIN ON THE SURRENDER OF LEASE

As at 31 December 2013, the net book value ("NBV") of the Property was approximately S\$3,315,000. Given that the Consideration Sum represents an excess over the NBV of the Property, the Surrender of Offer will result in a gross gain of approximately S\$5,885,000.

## 9. USE OF PROCEEDS

The proceeds from the Surrender of Offer will be deployed to meet the general working capital requirements of the Group.

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## 10. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and Controlling Shareholders of the Company has any interest, direct or indirect, in the Surrender of Lease (other than through their respective shareholding interests in the Company).

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JTC’s letter dated 24 February 2014 will be made available for inspection during normal business hours of the Company for three (3) months from the date of this announcement at 7 Penjuru Close #05-00 Singapore 608779.

## 12. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Surrender of Lease will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Surrender of Lease and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Tan Yeow Khoon  
Executive Chairman and Chief Executive Officer  
6 March 2014