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## **SALE OF INTEREST IN SUBSIDIARY KEPPEL BAY PROPERTY DEVELOPMENT (SHENYANG) CO. LTD**

Keppel Corporation Limited (the “**Company**” or “**KCL**”) wishes to inform that Da Di Investment Pte Ltd and Shanghai Merryfield Land Co. Limited, both indirect subsidiaries held through Keppel Land China Limited (“**KLCL**”), have entered into a sale and purchase agreement (“**SPA**”) on 7 May 2018 to divest their respective interests of 80% and 20% stake in Keppel Bay Property Development (Shenyang) Co. Ltd. (“**KBPDS**”) to Shenyang Vanke Property Development Co. Ltd (the “**Divestment**”). KCL has an effective interest of 99.8% in KBPDS held indirectly through KLCL. KBPDS owns a residential township project in Hunnan New District, Shenyang City, China.

The total consideration for the Divestment is approximately RMB 503 million (approximately S\$105 million)<sup>1</sup> (subject to adjustments based on completion accounts) (the “**Consideration**”) payable as follows:-

- (a) A sum of RMB 316 million will be paid upon completion of share transfer; and
- (b) A sum of RMB 187 million, secured by an irrevocable bank guarantee, will be paid upon satisfaction of certain conditions or 1 year after the signing of the SPA, whichever is earlier.

KCL’s 99.8% share of the Consideration is about RMB502 million (approximately S\$104.8 million).

The Consideration was arrived at on a willing buyer willing seller basis taking into account the unaudited net asset value of KBPDS and market value of undeveloped land. The unaudited net asset value of KBPDS was approximately RMB326 million as at 30 April 2018.

The Divestment is in line with Keppel Land’s strategy to recycle assets to seek higher returns and rebalance its portfolio to focus on selected high-growth cities in China.

Completion of the divestment is expected to take place by June 2018. Following the Divestment, KBPDS will cease to be a subsidiary of the Company.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the above transaction.

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<sup>1</sup> Based on exchange rate of RMB 1 to S\$0.209

A copy of the SPA is available for inspection at the registered office of the Company at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632, during normal business hours for a period of three (3) months from the date of this announcement.

## **PROFORMA FINANCIAL EFFECTS**

The Company expects to recognise a gain of approximately S\$31 million from the Divestment.

Based on the latest audited financial statements of the Company for the financial year ended 31 December 2017 (“FY2017”):

- (a) had the Divestment been completed on 31 December 2017, the net tangible asset per share as at 31 December 2017 would have increased from S\$6.21 (before the Divestment) to S\$6.23 (after the Divestment); and
- (b) had the Divestment been completed on 1 January 2017, the earnings per share for FY2017 would have increased from 11.9 cents (before the Divestment) to 13.6 cents (after the Divestment).