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Cityneon to acquire Scorpio East Properties from KOP for \$2.9 mil

By: Stanislaus Jude Chan
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SINGAPORE (Dec 15): Cityneon Holdings has entered into a sale and purchase agreement to acquire the entire 100% interest in Scorpio East Properties from Catalyst-listed KOP Limited for \$2.9 million.

Scorpio East owns a 2,571 sqm leasehold property located at 25 Tai Seng Avenue in Singapore, also known as KOP Building, which has some 20 years left on its lease.

This is to be extended by another 29 years from the lease expiry date, subject to the fulfilment of certain conditions prescribed by Jurong Town Corporation (JTC).

Under the agreement, Cityneon will also assume the liability for repayment of a \$23 million loan obtained by Scorpio East from Hong Leong Finance.

The loan is secured by, amongst others, a mortgage on the property in favour of the bank as well as a charge over the amount of \$500,000 in Scorpio East's fixed deposit account with the bank.

Cityneon says the proposed acquisition is a strategic investment in a building which the group may use to expand its office space as a creative design suite, as well as derive rental revenues from the remaining units, which will be added to the earnings of the group.

It adds that it may also consider future business collaborations with KOP under the Scorpio East brand.

Given KOP's familiarity with major movie studios and experience in the entertainment industry in Singapore and across Asia, Cityneon says this could enhance the group's design capabilities and expansion of its portfolio in the entertainment and media industry.

The acquisition will be funded via internal cash resources.

In a separate filing to SGX on Friday, KOP says the proposed disposal will enable the group to realise the value of the property, as well as provide liquidity and cash capital.

It adds that the entire proceeds arising from the disposal will be used for the financing of the group's working capital.

Shares in Cityneon closed flat at 94 cents on Friday, while share in KOP closed 0.3 cent higher at 9 cents.

CITYNEON HOLDINGS

SCORPIO EAST PROPERTIES

KOP LIMITED

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