



KTL Global Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200704519M)

(The "Company")

Unaudited Fourth Quarter and Full Year Financial Statements and Dividend Announcement for the Financial Year Ended 31 December 2019

1(a) Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

(The figures have not been audited or reviewed by the auditors)

	Group		% Change Increase/ (Decrease)	Group		% Change Increase/ (Decrease)
	Three Months Ended	Three Months Ended		Full Year Ended	Twelve month Period Ended	
	31.12.2019 S\$'000	31.12.2018 S\$'000		31.12.2019 S\$'000	31.12.2018 S\$'000	
Revenue	5,479	-		13,686	-	
Cost of sales	-	-		(1,179)	-	
Gross profit	5,479	-		12,507	-	
Other operating income	-	-		74	-	
Administration expenses	(437)	(414)	6 %	(1,628)	(938)	74 %
Sales and marketing expenses	(13)	-		(131)	-	
Profit/(loss) from operations	5,029	(414)	N.M.	10,822	(938)	N.M.
Finance costs	(8)	-	N.M.	(8)	-	N.M.
Profit/(loss) from operations before taxation	5,021	(414)	N.M.	10,814	(938)	N.M.
Income tax (expense)/ credit	(2,019)	-	N.M.	(2,019)	-	N.M.
Profit/(loss), net of tax from continuing operation	3,002	(414)	N.M.	8,795	(938)	N.M.
Loss from discontinuing operation, net of tax	(136)	(4,250)	-97 %	(3,465)	(13,068)	-73 %
Profit/(Loss) for the year	2,866	(4,664)	N.M.	5,330	(14,006)	N.M.
Other comprehensive income/ (loss):						
Exchange differences on translating foreign operations, net of tax	-	724		334	149	
Other comprehensive income for the period	-	724		334	149	
Total comprehensive income/ (loss)	2,866	(3,940)		5,664	(13,857)	
Profit/ (Loss) attributable to:						
-Owners of the parent	239	(4,667)		(1,166)	(14,023)	
-Non-controlling interests	2,627	3		6,496	17	
	2,866	(4,664)		5,330	(14,006)	
Total comprehensive income/ (loss) attributable to:						
-Owners of the parent	239	(3,943)		(832)	(13,874)	
-Non-controlling interests	2,627	3		6,496	17	
	2,866	(3,940)		5,664	(13,857)	
Profit/ (loss) attributable to owners of the parent relates to:						
- Profit/ (loss) from continuing operations	375	(414)		2,299	(938)	
- Loss from discontinuing operations	(136)	(4,253)		(3,465)	(13,085)	
	239	(4,667)		(1,166)	(14,023)	

1(a)(i) Profit/ (Loss) Before Income Tax is arrived after crediting/ (charging) the following :

	Group		% Change Increase/ (Decrease)	Group		% Change Increase/ (Decrease)
	Three Months Ended	Three Months Ended		Full Year Ended	Full Year Ended	
	31.12.2019 S\$'000	31.12.2018 S\$'000		31.12.2019 S\$'000	31.12.2018 S\$'000	
Depreciation of property, plant and equipment	(12)	-		(12)	-	
Interest expenses	(8)	-		(8)	-	

Notes:

(1) N.M. = Not Meaningful

(2) The 12 months results ended 31 December 2018 in the Group's statement of comprehensive income and statement of cash flow are computed by deducting the results of the 6 months period ended 31 December 2017 from the latest audited 18 months financial statements for the financial period ended 31 December 2018, are presented for comparative purpose only.

(3) For illustrative purpose, the 12 months results ended 31 December 2018 in the Group's statement of comprehensive income is presented as if the Singapore Financial Reporting Standard ("SFRS") 5 was retrospective applied to the Company where the profit and loss items of the Disposal Group (as defined in subsequent review section on Page 15) were reclassified and aggregated under the item of loss from discontinuing operation, net of tax. This treatment is adopted for the sake of a meaningful comparison of the profit and loss under continuing operation between the current financial year end and last period end.

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As At		Company As At	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
ASSETS				
Non-current assets:				
Property, plant and equipment	75	-	-	-
Subsidiaries	-	-	51	51
Total non-current assets	75	-	51	51
Current assets:				
Trade receivables	11,171	-	-	-
Other receivables, deposits and prepayments	20	15	10	9
Due from subsidiaries	-	-	647	-
Cash and bank balances	136	754	91	748
Assets held for sales	37,062	41,777	-	-
Total current assets	48,389	42,546	748	757
Total assets	48,464	42,546	799	808
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	36,776	36,776	36,776	36,776
Reserves	(54,882)	(53,951)	(36,279)	(36,403)
Equity, attributable to owners of the parent	(18,106)	(17,175)	497	373
Non-controlling interests	2,288	73	-	-
Total equity	(15,818)	(17,102)	497	373
Non-current liabilities:				
Interest-bearing loans and borrowings	51	-	-	-
Total non-current liabilities	51	-	-	-
Current liabilities:				
Trade payables	1,209	12	29	-
Contract liability	2,910	-	-	-
Other payables and accruals	331	420	273	423
Interest-bearing loans and borrowings	29	-	-	-
Income tax payable	2,030	11	-	12
Liabilities held for sales	57,722	59,205	-	-
Total current liabilities	64,231	59,648	302	435
Total liabilities	64,282	59,648	302	435
Total equity and liabilities	48,464	42,546	799	808

Note:

(1) For illustrative purpose, the financial position as at 31 December 2019 is presented as if the SFRS 5 was retrospective applied to the Company where the assets and liabilities of the Disposal Group (as defined in subsequent review section on Page 15) were reclassified and aggregated under the items of asset and liabilities held for sales respectively. This treatment is adopted for the sake of a meaningful comparison of the assets and liabilities under continuing operation between the current financial year end and last period end.

1(b)(ii) Aggregate amount of group's bank borrowings and debt securities**Amount repayable in one year or less, or on demand**

	As at 31 December 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	S\$000	S\$000	S\$000	S\$000
Bills payables	-	-	3,565	3,565
Interest-bearing loans and borrowings:				
Hire purchase creditors	-	-	464	464
Term loan	-	-	26,915	26,915
from FRS 116 (Rights to use)	-	29	-	-
	-	29	30,944	30,944

Amount repayable after one year

	As at 31 December 2019		As at 31 December 2018	
	Secured	Unsecured	Secured	Unsecured
	S\$000	S\$000	S\$000	S\$000
Interest-bearing loans and borrowings:				
Hire purchase creditors	-	-	1,210	1,210
Term loan	-	-	5,706	5,706
from FRS 116 (Rights to use)	-	51	-	-
	-	51	6,916	6,916

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	Three Months Ended	Three Months Ended	Full Year Ended	Twelve month Period Ended
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
<u>Cash Flows Generated From/ (Used In) Operating Activities:</u>				
Profit/ (loss) before tax from continuing operations	5,021	(414)	10,814	(938)
Profit/ (Loss) before tax from discontinuing operations	(116)	(2,689)	(3,354)	(13,068)
Profit/ (loss) before tax	4,905	(3,103)	7,460	(14,006)
Adjustments for:				
Depreciation of property, plant and equipment	294	353	1,208	1,544
Depreciation of investment properties	-	-	-	64
Amortisation of prepaid land lease	-	-	-	186
(Reversal of Impairment)/ Impairment on plant and equipment	(312)	1,647	(376)	3,061
Impairment on investment in joint venture	-	(51)	-	-
Reversal of impairment loss on prepaid land lease	-	-	-	(83)
Reversal of impairment loss on investment properties	-	(15)	-	(15)
Reversal of inventory obsolescence	-	(113)	-	(475)
Inventory written off	-	510	-	984
Reversal of Allowance for impairment on amount due from joint venture companies and associates	-	(522)	-	(586)
Bad debts written off	-	4	(527)	-
Allowance/ (Reversal) for doubtful debts	81	(100)	93	(273)
Loss/ (Gain) on disposal of property, plant and equipment and investments	191	10	199	(11)
Plant and equipment written off	-	-	-	187
Amortisation of prepaid land lease	44	18	138	-
Interest expenses	458	441	1,738	1,718
Share of results of joint venture companies	-	-	(25)	-
Equity-settled employee benefit	-	-	-	56
Foreign exchange loss, net	-	382	-	592
Operating Cash Flows Before Working Capital Changes	5,661	(539)	9,908	(7,057)
Inventories	(1,798)	(75)	(869)	205
Trade receivables	(9,330)	(1,742)	(11,401)	2,353
Other receivables, deposits and prepayments	192	1,217	75	(412)
Trade payables	845	1,509	708	151
Other payables and accruals	(266)	(607)	(1,138)	4,003
Contract liability	2,910	-	2,910	-
Net Cash Flows (Used In)/ Generated from Operations Before Interest and Tax	(1,786)	(237)	193	(757)
Withholding tax paid	-	-	-	21
Income tax (paid)/ refund	(20)	(30)	(114)	29
Dividend paid to subsidiary shareholder	(4,281)	-	(4,281)	-
Currency translation	(57)	-	406	(127)
Net Cash Flows Used In Operating Activities	(6,144)	(267)	(3,796)	(834)
<u>Cash Flows Generated From/ (Used In) From Investing Activities:</u>				
Purchase of property, plant and equipment	(714)	(24)	(1,813)	(686)
Proceed from disposal of property, plant and equipment	984	-	1,850	342
Advances to associate and joint venture companies	-	(1)	-	(261)
Proceeds from disposal of investments, classified as held for sale	-	-	527	722
Net Cash Flows Generated from / (Used In) Investing Activities	270	(25)	564	117
<u>Cash Flows Generated From Financing Activities:</u>				
Proceeds from interest-bearing loans and borrowings	1,783	1,197	-	-
Repayment of interest-bearing loans and borrowings	-	(1,015)	(2,519)	(5,284)
Loan from directors and shareholders	4,271	1,594	5,311	7,516
Loan from associate	-	-	-	126
Interest paid	(458)	(441)	(1,764)	(1,718)
Release of fixed deposit associated with bank guarantee	-	-	-	150
Issuance of ordinary shares	-	940	-	940
Net Cash Flows Generated From Financing Activities	5,596	2,275	1,028	1,730
Net (Decrease)/ Increase in Cash and Cash Equivalents	(278)	1,983	(2,204)	1,013
Effect of exchange rate changes on cash and cash equivalent	-	-	-	18
Cash and Cash Equivalents at Beginning of Period	527	470	2,453	1,422
Cash and Cash Equivalents at End of Period	249	2,453	249	2,453
Cash and cash equivalents from continuing operation	136	754	136	754
Cash and cash equivalents from discontuning operation	113	1,699	113	1,699
Cash and Cash Equivalents at End of Period	249	2,453	249	2,453

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	ATTRIBUTABLE TO OWNERS OF THE PARENT										Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Treasury Shares Reserve	Merger Reserve	Premium paid on acquisition of non-controlling interest	Reserve attributable to non-current asset held for sale	Translation Reserve	Statutory Reserve Fund	Accumulated Profits (Losses)	Total Reserves		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current Year:												
Balance as at 1 January 2019	36,776	-	(706)	-	(60)	-	(2,591)	15	(50,609)	(53,951)	73	(17,102)
Effect adoption of IFRS16	-	-	-	-	-	-	-	-	(49)	(49)	-	(49)
Effect adoption of IFRS109	-	-	-	-	-	-	-	-	(50)	(50)	-	(50)
Net profit for the Year	-	-	-	-	-	-	-	-	(1,166)	(1,166)	6,496	5,330
Dividend declared to subsidiary shareholder	-	-	-	-	-	-	-	-	-	-	(4,281)	(4,281)
Other comprehensive income for the period	-	-	-	-	-	-	334	-	-	334	-	334
Balance as at 31 December 2019	36,776	-	(706)	-	(60)	-	(2,257)	15	(51,874)	(54,882)	2,288	(15,818)
Previous Period:												
Balance as at 1 July 2017	34,836	(286)	(476)	-	(60)	(12)	(2,974)	15	(30,973)	(34,480)	43	113
Net loss for the period	-	-	-	-	-	-	-	-	(19,636)	(19,636)	28	(19,608)
Transfer of reserve, for the completion of disposal on non-current asset held for sale	-	-	-	-	-	12	(12)	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	395	-	-	395	2	397
Total comprehensive loss for the period	-	-	-	-	-	12	383	-	(19,636)	(19,241)	30	(19,211)
Transfer of treasury shares	-	286	(230)	-	-	-	-	-	-	(230)	-	56
Issuance of share capital	1,940	-	-	-	-	-	-	-	-	-	-	1,940
Balance as at 31 December 2018	36,776	-	(706)	-	(60)	-	(2,591)	15	(50,609)	(53,951)	73	(17,102)

COMPANY

Current Year:												
Balance as at 1 January 2019	36,776	-	(706)	-	-	-	-	-	(35,697)	(36,403)	-	373
Net profit for the Year	-	-	-	-	-	-	-	-	124	124	-	124
Balance as at 31 December 2019	36,776	-	(706)	-	-	-	-	-	(35,573)	(36,279)	-	497
Previous Period:												
Balance as at 1 July 2017	34,836	(286)	(476)	-	-	-	-	-	(6,160)	(6,636)	-	27,914
Net loss for the period	-	-	-	-	-	-	-	-	(29,537)	(29,537)	-	(29,537)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(29,537)	(29,537)	-	(29,537)
Transfer of treasury shares	-	286	(230)	-	-	-	-	-	-	(230)	-	56
Issuance of share capital	1,940	-	-	-	-	-	-	-	-	-	-	1,940
Balance as at 31 December 2018	36,776	-	(706)	-	-	-	-	-	(35,697)	(36,403)	-	373

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There have been no changes in the issued share capital of the Company since 30 September 2019.

As at 31 December 2019, the Company held no treasury shares (31 December 2018: nil) against a total number of 315,669,019 issued shares (31 December 2018: 315,669,019 issued shares excluding treasury shares).

The percentage of the aggregate number of treasury shares held against the total number of issued shares as at 31 December 2019 is nil% (31 December 2018: nil%).

Save as stated above, the Company had no outstanding options, convertible securities, treasury shares or subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	As at 31 December 2019	As at 31 December 2018
No. of issued shares excluding treasury shares	315,669,019	315,669,019

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable. No treasury shares have been sold, transferred, cancelled or used in any manner as at the end of the current financial year reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by auditors.

3 Where the figures have been audited or reviewed, the auditor' report (including any modifications or emphasis of a matter)

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than the adoption of the new and revised Financial Reporting Standards ("FRS") which come into effect for the financial period ended 31 December 2019, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial period ended 31 December 2018.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

The adoption of new or revised standards effective in the current financial period is not expected to result in material adjustments to the financial position, financial performance, or cash flows of the Group for the financial year ended 31 December 2019, except for the following standards.

The Group has adopted SFRS(I) 16, the new accounting standard for leases which is effective for annual reporting period beginning on or after 1 January 2019.

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessee will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopts SFRS(I) 16 using the modified retrospective approach with the cumulative effect of adopting the standard as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

Upon adoption of SFRS(I) 16 on 1 January 2019, the Group recognised right-of-use assets of S\$74,690 and lease liabilities (current and non-current) of S\$79,543.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per ordinary share attributable to the owners for the period is computed based on profit, net of tax

	Group		Group	
	Three-month ended		Full Year Ended	Twelve Month Period Ended
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Earnings per ordinary share				
(a) Based on the weighted average number of ordinary shares in issue	0.12 cents	(1.48) cents	0.70 cents	(6.96) cents
Weighted average number of ordinary shares in issue	315,669,019	287,060,323	315,669,019	260,492,893
(b) On a fully diluted basis	0.12 cents	(1.48) cents	0.70 cents	(6.96) cents
Weighted average number of ordinary shares in issue	315,669,019	287,060,323	315,669,019	260,492,893

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group As At		Company As At	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	(5.01) cents	(4.97) cents	0.15 cents	0.12 cents
Number of shares in issue excluding treasury shares	315,669,019	315,669,019	315,669,019	315,669,019

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Profit or Loss Review

Revenue

4Q2019 vs 4Q2018

The Group's revenue for the three months ended 31 December 2019 ("4Q2019") was S\$5.5 million which represented the revenue recognised by the Company's 80% owned subsidiary, Bluegas Private Limited ("Bluegas") of S\$5.5 million. The revenue was generated from the provision of branding, operation and procurement ("BOP") services to the operators in the PRC (who are our customers) secured and assigned by the cooperation partner Shenzhen Green Leopard Medical Technology Co., Ltd. who manufactured smart automatic vending kiosks ("AVK") for the sales and dispense of medical consumables and supplements. Bluegas provided the BOP services including (i) branding management, (ii) operational support, (iii) central procurement, (iv) recruitment, customised training and development of human resource to the downstream operators that supplied to hospitals, clinics and pharmacies in different provinces of PRC with smart automatic vending kiosks dispensing medical consumables and supplements. Bluegas had entered into a total of six (6) BOP service agreements with operators and the first agreement was signed and commenced in May 2019.

There is no revenue presented for the last corresponding period ended 31 December 2018 ("4Q2018"), because the revenue as presented in the financial statement of the last financial year was reclassified to the item loss from discontinuing operation subsequent to the completion of the disposal of the Company's wholly-owned subsidiaries, KTL Offshore Pte. Ltd. ("KOPL") and KTL Investment Pte. Ltd. ("KIPL") ("Disposal Group") ("Disposal") which were the sole revenue contributors in 4Q2019. For more details, please refer to the "subsequent event" section in paragraph 10 on Page 12.

There was no revenue recorded in 4Q2018 as Bluegas's BOP business had not commenced.

FY2019 vs FY2018

The Group's revenue for the financial year ended 31 December 2019 ("FY2019") was S\$13.7 million. There is no revenue presented for the last twelve months period ended ("FY2018") due to the same reason for 4Q2019 as aforesaid.

Gross Profit

4Q2019 vs 4Q2018

The Group's gross profit for 4Q2019 was S\$5.5 million, all attributable to the revenue generated during the period. There is no gross profit presented for 4Q2018 due to the same reason as explained for the revenue of 4Q2018 as aforesaid.

FY2019 vs FY2018

The Group's gross profit for FY2019 was S\$13.7 million, which was arrived by the revenue of S\$13.7 million less cost of sales of S\$1.2 million in FY2019. The cost of sales represented the cost of purchase of materials incurred in the provision of BOP service upon commencement of such services with the operators. There is no gross profit presented for FY2018 due to the same reason as explained for the revenue of 4Q2018 as aforesaid.

Other Operating Income

FY2019 vs FY2018

Other operating income for FY2019 was S\$74,000, representing exchange gains from foreign currencies translation in Bluegas. No other operating income was recognised in FY2018.

Operating Expenses

4Q2019 vs 4Q2018

The Group's operating expenses comprised administrative expenses and selling expenses.

The administrative expenses recorded an increase of S\$414k to S\$437k in 4Q2019, mainly attributable to the increase in staff cost, travelling and accommodation expenses, office and other business-related expenses incurred by Bluegas.

FY2019 vs FY2018

The selling expenses incurred during current year was mainly travelling expenses of staff in PRC of S\$125k.

The administrative expenses increased by S\$0.7 million, from S\$0.9 million in FY2018 to S\$1.6 million in FY2019, mainly attributable to the increase in staff cost, travelling and accommodation expenses, office and other business-related expenses incurred by Bluegas.

Finance Costs

4Q2019 vs 4Q2018 & FY2019 vs FY2018

Finance costs in 4Q2019 and FY2019 represented the interest expenses derived from the Group's leased premises recognised in accordance with Singapore Financial Reporting Standards ("SFRS") No. 116.

Profit or loss, attributable to owners of the parent

4Q2019 vs 4Q2018 & FY2019 vs FY2018

The improved in the profit or loss attributable to owners of the parent from continuing operation in 4Q2019 and FY2019 as compared to that for 4Q2018 and FY2018 respectively, were mainly due to the recognition of revenue and gross profit margin for Bluegas since May 2019 when its BOP business commenced.

Statement of Financial Position Review

31 December 2019 vs 31 December 2018

Current assets

The current assets mainly pertained to (i) the assets held for sales of S\$37.1 million which were reclassified from the assets carried on the statements of financial position of the Disposal Group effected by the completion of the Disposal; and (ii) the trade receivables from the customers in PRC derived wholly from our BOP service fees amounting to S\$11.2 million as at 31 December 2019. Bluegas granted extended credit terms to the customers to retain business relationship in the business development stage in PRC, resulting in the material trade receivables balance as at 31 December 2019. There was no trade receivable as at 31 December 2018 because Bluegas had not commenced any income generating activities in FY2018.

In respect of the material trade receivables balances as at 31 December 2019, according to the requirements of the Singapore Financial Reporting Standards No. 36 – Impairment of Asset ("SFRS 36"), the Group is required to assess whether there is any indication that an asset including trade receivables may be impaired at the end of each reporting period. In this regard, amid the current Novel Coronavirus disease ("COVID-19") outbreak situation where the Group's customers are still closed and their staffs are unable to return to workplaces to operate due to local traffic restrictions, they are facing practical and unforeseeable difficulties in settling their outstanding bills in full to our Group. At the same time, the management is neither aware of any information which may affect, nor expects, the BOP service fees to be paid by the customers to become doubtful by such temporary closure. As at the date of this announcement, the Group has collected approximately S\$1 million of the trade receivables.

Notwithstanding this, our management will closely monitor the development of such fluid and emerging situation and the trade receivables may be subject to impairment loss if necessary after the completion of the statutory audit for the financial year ended 31 December 2019 owing to any subsequent event occurring or information being obtained after the date of this announcement.

Current liabilities

The current liabilities as at 31 December 2019 increased from S\$59.6 million to S\$64.2 million, due mainly to the increase in trade payables by S\$1.2 million, contract liability by S\$2.9 million, income tax payables by S\$2.0 million and liabilities held for sales by S\$57.7 million.

The trade payables pertained to the cost of purchase of materials payable to the vendors in connection to Bluegas's BOP services. The contract liability arose from Bluegas's obligation to perform BOP services to customers for which the service fee was due from the customers but the performance of services had not yet been completed.

The liabilities held for sales of S\$57.7 million were the liabilities reclassified from the liabilities carried on the statements of financial position of the Disposal Group effected by the completion of the Disposal.

Cash Flow Review

4Q2019

The net cash flows used in operating activities for 4Q2019 was S\$6.1 million and this was mainly due to the profit before tax of S\$4.9 million, adjusted by increase in trade receivables of S\$9.3 million and inventories of S\$1.8 million, partly offset by an increase in contract liability of S\$2.9 million. The net cash flows generated from investing activities was mainly due to the proceeds of disposal of property, plant and equipment of S\$0.9 million, partly offset by the purchase of property, plant and equipment. The net cash flows generated from financing activities was S\$5.6 million and this was mainly due to the loan from directors and shareholders of S\$4.3 million, the net proceeds from interest-bearing loans and borrowings of S\$1.8 million, partly offset by interest paid of S\$0.5 million.

FY2019

The net cash flows used in operating activities for FY2019 was S\$3.8 million and this was mainly due to the profit before tax of S\$7.5 million, adjusted by the increase in trade receivables of S\$11.4 million, partly offset by increase in trade payables of S\$0.7 million and increase in contract liability of S\$2.9 million. The net cash flows from investing activities of S\$0.6 million was mainly due to proceeds from disposal of property, plant and equipment of S\$1.9 million, partly offset by purchase of property, plant and equipment of S\$1.8 million. The cash flows from financing activities of S\$0.9 million was mainly due to the loans from directors and shareholders of S\$5.3 million, partly offset by the net repayment of interest-bearing loans and borrowings of S\$2.6 million and interest paid of S\$1.7 million.

- 9 Where a forecast, or a prospect statement, had been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Subsequent event

Subsequent to 31 December 2019, KOPL and KIPL have ceased to be subsidiaries of the Company following completion of the Disposal on 22 January 2020. For more details, please refer to the Company's announcements dated 22 January 2020, 6 January 2020, 22 August 2019 and the Company's circular dated 6 January 2020.

Outlook

Following the completion of the Disposal, Bluegas, the Group's major operating subsidiary providing BOP services in the AVK sector in PRC, is the main contributor of the financial performance of the Group. The Group will continue providing the BOP services "under one roof", which offers clients a full suite of an integrated solution to their business needs, and confers them with branding and marketing abilities for rapid penetration, public relation service for expanding network, central procurement platform for cost-saving, liaison channels with relevant local authorities for business development, as well as know-how and skills for improving overall operating efficiency.

The Group intends to leverage on the network of business relationships it has established in PRC, and the expertise it has developed through the provision of BOP services, to companies outside the existing sector as and when such opportunity arises.

In light of the recent COVID-19 outbreak and in order to comply with the directives issued by the local authorities in the PRC, the employees of Bluegas in the PRC are not able to work and perform services for its clients due to restrictions on transportation and movements within the PRC. The outbreak also resulted in the temporary closure of various offices of the vendors, suppliers and customers. This affected the provision of the BOP services to our clients and also the underlying business operations of our customers. The management is now assessing the impact to not only our service but also to our customers, and evaluating possibility of offering some response measures and plans to our customers to cope with COVID-19.

The situation pertaining to the outbreak and containment of the COVID-19 remains highly uncertain and, as such the Group will continue to closely monitor the impact, if any, which it may have on its financial performance in the next twelve months.

11 If a decision regarding dividend has been made:-

- (a) Whether an interim (final) ordinary dividend has been declared (recommended)**

None.

- (b) (i) Amount per share**

None.

- (ii) Previous corresponding period**

None.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the current financial year up to the date of this announcement due to working capital requirements.

13 Interested person transactions

The Company does not have a general mandate for interested person transactions.

In the current financial year, the Company did not enter into any interested person transaction of more than S\$100,000 in value.

14 Confirmation pursuant to Rule 720 (1) of the Listing Manual

The Company confirms that it has procured undertaking from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under 720 (1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 15 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business Segments - Group

	BOP Services S\$000	Investment Holdings S\$000	Eliminations S\$000	Total S\$000
12 months ended 31 December 2019				
Revenue				
External sales	13,686	-	-	13,686
Segment revenue				<u>13,686</u>
Result				
Segment results	11,989	(1,167)	-	10,822
Finance costs (interest expense)				(8)
Profit before income tax				<u>10,814</u>
Income tax credit				(2,019)
Profit after income tax				<u>8,795</u>
Other information				
Depreciation	12	-	-	12
Segment assets	11,300	801	(699)	11,402
Segment assets includes: - Additions to property, plant and equipment	75	-	-	75
Segment liabilities	6,906	303	(649)	6,560

Business Segments - Group

	Sale of Goods S\$000	Services S\$000	Others S\$000	Total S\$000
18 months ended 31 December 2018				
Revenue				
External sales	46,386	7,400	-	53,786
Segment revenue				<u>53,786</u>
Result				
Segment results	(14,711)	5,546	(5,362)	(14,527)
Share of results of associates				-
Finance costs (interest expense)				(2,493)
Loss before income tax				<u>(17,020)</u>
Income tax credit				(1,097)
Loss after income tax				<u>(18,117)</u>
Other information				
Amortisation of prepaid land lease	(173)	-	-	(173)
Depreciation	(2,146)	(283)	(58)	(2,487)
Additions to non-current assets	1,405	-	-	1,405

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year (cont'd)**

Not applicable.

- 16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to point 8 for analysis.

17 **A breakdown of sales**

	Group Year ended 31/12/2019 \$'000	Group Twelve month ended 31/12/2018 \$'000	% increase/ (decrease)
		Note	
Sales reported for the first 6 months (Jan 19 to Jun 19)	2,312	14,024	(83.5%)
Operating profit/(loss) after tax before deducting non-controlling interest reported for the first 6 months (Jan 19 to Jun 19)	1,581	(8,001)	(119.8%)
Sales reported for the next 6 months (Jul 19 to Dec 19)	11,374	19,346	(41.2%)
Operating profit/(loss) after tax before deducting non-controlling interest reported for the next 6 months (Jul 19 to Dec 19)	7,214	(5,637)	NA

Note: The 12 months period results ended 31 December 2018, which is computed by deducting the results of the 6 months period ended 31 December 2017 (1 July 2017 to 31 December 2017) from that of 18 months period ended 31 December 2018, is presented for comparative purpose only.

18 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year:-**

	Latest full year	Previous full year
	\$'000	\$'000
Ordinary	Not applicable	Not applicable
Preference	Not applicable	Not applicable
Total	Not applicable	Not applicable

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Tan Tock Han	74	Father of Tan Kheng Kuan (Deemed Substantial Shareholder and non-executive director).	Director and Chairman of subsidiary KTL Offshore Pte. Ltd., main operating entity of the Group, since 1973.	NA
Karen Tan Suan Suan	47	Daughter of Tan Tock Han (Deemed Substantial Shareholder) and sister of Tan Kheng Kuan (non-executive director and deemed Substantial Shareholder).	Executive Assistant to Chairman of a subsidiary. Position held since 2009.	NA
Lim Kor Him	44	Daughter-in-law of Tan Tock Han (Deemed Substantial Shareholder) and wife of Mr Tan Kheng Kuan (non-executive director and deemed Substantial Shareholder).	Assistant Director of Administration, in charge of the Physical Distribution Department - Purchasing, Warehouse and Logistics. Position held since 2010	NA

Note: Pursuant to completion of the Disposal, the above persons have ceased to be employees of the Group.

BY ORDER OF THE BOARD
LIU CHANGSHENG
CHIEF EXECUTIVE OFFICER
DATE: 28 February 2020