



KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore under Registration Number 200704519M)

DISPOSAL OF KTL OFFSHORE PTE. LTD. AND KTL INVESTMENT PTE. LTD.

1. INTRODUCTION

- 1.1 The board of directors (the **"Board"** or the **"Directors"**) of KTL Global Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to announce that it had on 22 August 2019 entered into a share sale and purchase agreement (the **"SPA"**) with Kim Teck Leong Pte. Ltd. (the **"Purchaser"**) to dispose of 100% of the issued and paid-up share capital (the **"Sale Shares"**) of the Company's wholly-owned subsidiaries, KTL Offshore Pte. Ltd. (**"KOPL"**) and KTL Investment Pte. Ltd. (**"KIPL"**) to the Purchaser for an aggregate consideration of S\$10,000 (the **"Consideration"**) (the **"Proposed Disposal"**).

1.2 Rule 704(18)(c) of the Listing Manual

KOPL and KIPL will cease to be subsidiaries of the Company following completion of the Proposed Disposal.

2. INFORMATION ON KOPL AND KIPL

KOPL is a private company limited by shares incorporated in Singapore on 21 April 1973. As at the date of this announcement, KOPL has an issued and paid-up share capital of S\$27,044,521 comprising 22,502,134 ordinary shares, entirely held by the Company. KOPL is a wholly-owned subsidiary of the Company and is engaged in the business of trading of rigging equipment and related services.

KIPL is a private company limited by shares incorporated in Singapore on 27 May 2011. As at the date of this announcement, KIPL has an issued and paid-up share capital of S\$1,000 comprising 1,000 ordinary shares, entirely held by the Company. KIPL is a wholly-owned subsidiary of the Company and is engaged in the business of investment holding.

The Company, through KOPL and KIPL, holds various subsidiaries and associated companies (further details of which are set out in Appendix A hereto) which will also be sold to the Purchaser pursuant to the Proposed Disposal. KOPL and KIPL, together with such subsidiaries and associated companies, shall hereinafter be collectively referred to as the **"Target Companies"**.

3. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated under the laws of Singapore, and is controlled by the Tan Family (being Mr Tan Tock Han, Mr Tan Kheng Yeow and Mr Tan Kheng Kuan, who are also controlling shareholders of the Company). The Purchaser is a controlling shareholder of the Company.

4. RATIONALE OF THE PROPOSED DISPOSAL

Despite the implementation of cost-cutting measures, KOPL and KIPL have been loss-making in recent years since 2016 due to challenging conditions in the oil and gas industry. The Group expects the oil and gas industry to remain challenging due to an oversupply of goods and service providers and fluctuating oil prices.

Accordingly, the Group had explored other business opportunities in order to improve its revenue stream and financial position. In this regard, as previously announced on SGXNET, it had entered into a joint venture with a partner to invest in Bluegas Private Limited ("**Bluegas**") (now an 80% subsidiary of the Company), which is in the business of providing branding, technical, operation and procurement services. In connection with this, as previously announced on SGXNET, Bluegas has to date, entered into six branding, technical, operation and procurement services agreements with certain utility operators.

Furthermore, as at 2Q2019, the amount of loans, liabilities and/or borrowings owing by KOPL to (i) the banks and (ii) the Purchaser and/or the Tan Family are (i) S\$28.3 million and (ii) S\$14.5 million respectively. In the event that the banks, the Purchaser and/or the Tan Family enforces and/or calls on any such loans, liabilities and/or borrowings, it would be extremely challenging for the Group to make repayment of such amounts and this would increase the strain on the Group's financial resources.

It is also noted that based on the latest announced consolidated financial statements of the Group for 2Q2019, the Group is currently in a negative net tangible asset ("**NTA**") position. As detailed in paragraph 9.2 below and based on the assumptions therein, completion of the Proposed Disposal would result in a positive NTA for the Group.

Pursuant to the Proposed Disposal, the Company and the Purchaser have also agreed to do all such acts and things as may be required and/or necessary to discharge any and all existing corporate guarantees previously executed and/or extended by the Company to banks in connection with bank borrowings of KOPL and KIPL. Upon completion of the Proposed Disposal and the discharge of such corporate guarantees, the Group will have nil bank borrowings.

In view of the above, the Company notes that the Proposed Disposal is beneficial to the Group's continued development and operations as it will result in a substantial reduction in losses, a significant lowering of liabilities and a cash inflow. Further, as KOPL and KIPL are loss-making and in a weak financial position, the Board is of the view that the Proposed Disposal is in the best interests of the Company and its shareholders (the "**Shareholders**").

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 Introduction

Pursuant to the terms of the SPA, the Company shall dispose of the entire issued and paid-up share capital of KOPL and KIPL (the "**Sale Shares**") to the Purchaser, free and clear from any encumbrances and claims, and together with all rights, benefits, and entitlements attaching thereto.

5.2 Consideration

- 5.2.1 The total consideration payable by the Purchaser to the Company for the disposal of the Sale Shares is S\$10,000 (the "**Consideration**").

5.2.2 The Consideration was arrived at on a willing-buyer and willing-seller basis, taking into consideration the negative NTA value attributable to the Target Companies of approximately S\$18.9 million as detailed in paragraph 6.1 below.¹

5.3 Conditions Precedent

The completion of the Proposed Disposal is conditional upon the following being satisfied (or waived, if capable of being waived) by 29 November 2020:

- (a) all approvals of the board of directors of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into the SPA;
- (b) all approvals of the board of directors of the Purchaser having been obtained for the entry into and completion of, the transactions contemplated to be entered into the SPA;
- (c) all approvals of the board of directors of KOPL and KIPL having been obtained for (aa) the sale and transfer of all of the Sale Shares to the Purchaser (or its nominee(s)) and (bb) the issue of new share certificates in respect of the Sale Shares to the Purchaser (or its nominee(s));
- (d) to the extent required by the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (as amended, modified or supplemented from time to time), the approval of the Shareholders in general meeting and/or the SGX-ST having been obtained for the entry into and completion of the transactions contemplated to be entered into in the SPA; and
- (e) all other necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Sale Shares (including without limitation but only where required, by the SGX-ST and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion, such conditions being fulfilled before completion, as the case may be, and such consents or approvals not being revoked or repealed on or before completion, as the case may be.

6. **VALUE OF THE TARGET COMPANIES, GAIN FROM PROPOSED DISPOSAL AND USE OF PROCEEDS**

6.1 Value of the Target Companies

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 June 2019 ("**2Q2019**"), the book value and negative NTA value attributable to the Target Companies was approximately S\$(18.9) million.

6.2 Excess of Proceeds over Book Value

Based on the book value of the Target Companies as set out in paragraph 6.1 above, the Consideration represents an excess of approximately S\$18.9 million over the book value of the Target Companies.

¹ The Company wishes to highlight that for the purposes of the Proposed Disposal, numbers in this announcement relating to KOPL and KIPL have been adjusted and prepared separately by management (i.e. on a Target Companies consolidated basis) based on the latest announced unaudited consolidated financial statements of the Group for 2Q2019. This adjustment is to take into account the subsidiaries and associated companies held by KOPL and KIPL that were otherwise not included in the latest announced unaudited consolidated financial statements of the Group for 2Q2019, as KOPL and KIPL are exempted from preparing consolidated financial statements under IFRS 10.

6.3 Use of Proceeds

As the net proceeds from the Proposed Disposal is only S\$10,000, it is not meaningful to discuss the use of proceeds from the Proposed Disposal.

6.4 Loss Attributable to the Target Companies and Gain on Proposed Disposal

Based on the latest announced unaudited consolidated financial statements of the Group for 2Q2019, the net loss before tax attributable to the Target Companies for 2Q2019 was approximately S\$2.4 million and there will be an estimated gain of S\$10,000 on disposal.

7. **CHAPTER 10 OF THE LISTING MANUAL**

Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group for 2Q2019 are set out below:

Rule 1006	Base	Proposed Disposal
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	107% ⁽¹⁾
(b)	The net losses ⁽²⁾ attributable to the assets disposed of, compared with the Group's net loss	156% ⁽³⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares)	0.1% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue (excluding treasury shares)	Not applicable, as this is not an acquisition.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable, as the Company is not a mineral, oil and gas company.

Notes:

- (1) Based on the latest announced consolidated financial statements of the Group for 2Q2019, the net asset value of the Group was approximately S\$(17.6) million. Based on the NTA of the Target Companies as set out in paragraph 6.1 of this announcement, the net asset value attributable to the Target Companies is approximately S\$(18.9) million.
- (2) "Net loss" means loss after income tax and extraordinary items, but before minority interests.
- (3) Based on the latest announced consolidated financial statements of the Group for 2Q2019, the net loss of the Group was approximately S\$1.5 million and the net loss attributable to the Target Companies was approximately S\$2.4 million.
- (4) The Consideration for the Proposed Disposal is S\$10,000. The Company's market capitalisation is approximately S\$12.6 million, computed on the basis of 315,669,019 ordinary shares in issue (excluding

treasury shares) and the weighted average price of S\$0.04 per share transacted on 21 August 2019, being the last market day preceding the date of the SPA.

As the relative figures in (a) and (b) above exceed 20%, the Proposed Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual, and the Company will seek Shareholders’ approval for the Proposed Disposal at an extraordinary general meeting to be convened (“EGM”).

8. CHAPTER 9 OF THE LISTING MANUAL – INTERESTED PERSON TRANSACTION

The Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Listing Manual as follows:

- (a) An “interested person transaction” is a transaction between an entity at risk and an interested person pursuant to Rule 904(5) of the Listing Manual.
- (b) As the Company is an “issuer” on SGX-ST, the Company is an “entity at risk” pursuant to Rule 904(2) of the Listing Manual.
- (c) As the Purchaser is a controlling Shareholder, it is an “interested person” under Rule 904(4)(a) of the Listing Manual.
- (d) As the Proposed Disposal involves a disposal of assets, it is a “transaction” under Rule 904(6)(a) of the Listing Manual. The Consideration, being S\$10,000, represents 0.1% of the Group’s latest NTA as at 2Q2019 which is approximately S\$(17.6) million. As this is less than 5% of the NTA of the Group, the Company is not required to obtain the approval of Shareholders for the Proposed Disposal under Chapter 9 of the Listing Manual.

9. FINANCIAL EFFECTS

9.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Disposal are based on, *inter alia*, the following bases and assumptions:

- (i) the audited consolidated financial statements of the Group for the financial period ended 31 December 2018;
- (ii) the *pro forma* financial effects of the Proposed Disposal on the consolidated NTA per share of the Group are computed based on the assumption that the Proposed Disposal was completed on 31 December 2018; and
- (iii) the *pro forma* financial effects of the Proposed Disposal on the EPS of the Group are computed based on the assumption that the Proposed Disposal was completed on 1 July 2017.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Disposal.

9.2 NTA per share

	Before the Proposed Disposal	After completion of the Proposed Disposal
Consolidated NTA attributable to the shareholders (S\$'000)	(17,175)	377
Number of shares	315,669,019	315,669,019
Consolidated NTA per share attributable to the shareholders (cents)	(5.44)	0.12

9.3 Earnings per Share ("EPS")

	Before the Proposed Disposal	After completion of the Proposed Disposal
Consolidated loss after taxation and minority interests (S\$'000)	(29,610)	(6,350)
Weighted average number of shares	240,610,273	240,610,273
Consolidated loss per share (cents)	(12.31)	(2.64)

10. SERVICE AGREEMENTS

As at the date of this announcement, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as otherwise disclosed herein, none of the Company's Directors or controlling shareholders has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

12. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to the Shareholders in due course.

13. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealings with the shares, to read this announcement carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 7 Gul Road, Singapore 629364 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Tan Kheng Kuan
Chief Executive Officer

22 August 2019

Appendix A

Name of company	Proportion of ownership interest held by the Company
Subsidiaries Held through KOPL	
PT. KTL Offshore Indonesia	95%
KTL Offshore (Middle East) FZC	98%
KTL Offshore (Malaysia) Sdn. Bhd.	100%
KTL Offshore Services Pte. Ltd.	100%
KTL Offshore Trading (Malaysia) Sdn. Bhd.	100%
KTL Offshore Services (Malaysia) Sdn. Bhd.	100%
Future Synthetics Pte. Ltd.	100%
Subsidiaries Held through KIPL	
KTL Realty Holding Sdn. Bhd.	100%
Associates Held through KIPL	
FW Coastal Ventures Pte. Ltd. ("FWPL")	40%
Associates Held through FWPL	
Atlas Training Centre Sdn. Bhd.	40%
Axis Weld Sdn. Bhd.	40%