

NauticAWT Limited

(Company Registration Number: 201108075C)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF NAUTICAWT ENERGY PTE. LTD.

1. INTRODUCTION

1.1 The board of directors (the “**Board**” or the “**Directors**”) of NauticAWT Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 18 February 2019 entered into a share sale agreement (the “**SSA**”) with Cheah Meng Fui (the “**Purchaser**”), pursuant to which the Company shall sell the entire issued and paid-up share capital of NauticAWT Energy Pte. Ltd. (the “**Target**”), a wholly-owned subsidiary of the Company (the “**Proposed Disposal**”). As at the date of signing the SSA, the Target has a total issued and paid-up share capital of S\$1.00 comprising 1 ordinary share of S\$1.00 each (the “**Sale Share**”).

2. BACKGROUND INFORMATION

2.1 Information on the Target

The Target is a private company incorporated in Republic of Singapore, having its registered office and principal place of business at 12 Tai Seng Link #05-01A, Singapore 534233.

The Company refers to its previous announcements on 16 December 2016, 16 March 2017, 20 March 2017, 29 September 2017 and 27 July 2018, in relation to the production enhancement project in Block VIIB, West Georgia.

As announced by the Company on 16 December 2016, the Target had on 15 December 2016 entered into a farm-in agreement with Vectra Petroleum Ltd (“**Vectra**”), a company incorporated in Hong Kong, pursuant to which Vectra shall farm-out a 50% participating interest in the Block VIIB, West Georgia (“**Block VIIB**”) production sharing contract (“**Block VIIB PSC**”) to the Target and the Target had on 15 December 2016 entered into a joint operating agreement (the “**JOA**”) with Vectra, pursuant to which both parties to the JOA shall define their respective rights and obligations with respect to petroleum operations conducted under the Block VIIB PSC.

The Target and Vectra are the legal and beneficial owners of, and have the right to convey, certain participating interests in the Block VIIB PSC. As at the date of this announcement, the Target and Vectra each holds 50% interest in the Block VIIB PSC. Subsequently, the Company has classified the assets and liabilities attributable to the Target as asset held for sale in the audited financial statements for the financial year ended 31 December 2017 (“**FY2017**”).

As announced by the Company on 27 July 2018, the Company had on 26 July 2018 entered into a binding term sheet (“**Term Sheet**”) with Qyrin Petroleum Technology Sdn Bhd (“**QP**”) and Vectra in relation to the potential 100% disposal of the Target and Vectra’s interest in the Block

VIIB PSC and NVP Georgia LLC (“**NVP**”) to QP (the “**Potential Disposal**”). As at the date of this announcement, the Term Sheet has been lapsed.

2.2 **Information on NVP**

NVP is a private company incorporated in Georgia and is an operating company under the Block VIIB PSC. The Target and Vectra each holds 50% of shareholding in NVP.

2.3 **Information on the Purchaser**

Mr Cheah Meng Fui is a private individual and investor based in Malaysia who has interests in various industries which include:-

- i) Palm oil plantation,
- ii) Information Technology, and
- iii) Private Fund invested in various markets.

He has secured and entered into a partnership with a company with expertise in Oil and Gas Enhanced Intelligent Oil Recovery (EIOR) for the further extraction of oil in marginal fields.

The Purchaser is not related to any of the Company’s directors, controlling shareholders, substantial shareholders or their respective associates.

3. **RATIONALE FOR THE PROPOSED DISPOSAL**

As announced by the Company on 6 August 2018, the Company had been in discussions to dispose a major asset of the Target. The operations of the Target had been reclassified under discontinued operations, and the assets and liabilities attributable to this asset, which were expected to be sold within twelve months, had been classified as held for sale. Due to the changes of the business strategy of the Company focusing its business and funds on the development and production of Ultra High Performance Concrete (“**UHPC**”) materials and offering engineered UHPC solutions and potentially acquiring new business after, *inter alia*, review of the Group’s cash flows and working capital requirements, the Board has decided to dispose of the Target, and its interests in the Block VIIB PSC and NVP.

In light of the above, the Board is of the view that the Proposed Disposal is in the best interest of the Company and shareholders of the Company (the “**Shareholders**”).

4. **SALIENT TERMS OF THE PROPOSED DISPOSAL**

A summary of the principal terms of the Proposed Disposal as set out in the SSA is provided below.

4.1 **Consideration**

The consideration for the Proposed Disposal shall be the sum of US\$1 (the “**Consideration**”), which shall be paid in cash.

The Consideration was determined on a willing-buyer willing-seller basis after arm’s length negotiations between the Company and the Purchaser, and taking into account, *inter alia*, the net

liabilities position of the Target of approximately US\$3.2 million as at 31 December 2018 as well as the liabilities of approximately US\$0.3 million at Georgia operations of Block VIIB PSC to be assumed by the Purchaser.

Furthermore, there was no other operation carried out by the Target during the financial year ended 31 December 2018 (“**FY2018**”), except carrying out minimal and limited work program activities at Block VIIB PSC.

No valuation was carried out on the assets to be disposed of in connection with the Proposed Disposal.

4.2 Conditions Precedent

4.2.1 The Proposed Disposal shall be conditional upon, but not limited to, *inter alia*, the following:

- (a) such approvals and consents as may be necessary from any relevant competent authority in Singapore for the transactions contemplated under the SSA being obtained, and not withdrawn or amended, on or before the Completion Date (as defined below);
- (b) if required, the approval of the SGX-ST for the transactions contemplated under the SSA, and such approval remaining in full force and effect at Completion (as defined below);
- (c) the requisite approval of the Shareholders at an extraordinary general meeting (“**EGM**”) having been obtained for the transactions contemplated under the SSA;
- (d) approval of the Board of Directors of the Company for the transactions contemplated under the SSA, including but not limited to the transfer of the remaining 50% participating interest in the Block VIIB PSC from Vectra to the Target before the Completion;
- (e) resolutions of the Board of Directors of the Company approving the transfer of the Sale Share contemplated herein;
- (f) resolutions of the Board of Directors of the Purchaser approving the transfer of the Sale Share contemplated herein (if applicable);

4.2.2 Each of the parties to the SSA shall use its best efforts to procure the fulfilment or waiver of the conditions precedent for which it is responsible. In the event that the conditions precedent are not fulfilled or waived within thirty (30) days from the date of signing the SSA or such longer period as may be mutually agreed by the Parties, the SSA shall be deemed rescinded ab initio and the legal costs and expenses incurred by each party in connection with the preparation of all legal documentation in respect of the SSA up to that point in time shall be borne by each party to the SSA.

4.3 Completion

Subject to the terms and conditions of the SSA, completion shall take place on the completion date (the “**Completion**”), which shall be no later than thirty-five (35) days after the date of signing the SSA (the “**Completion Date**”).

The Proposed Disposal is also subject to, amongst other things, the transfer of the remaining 50% participating interest in the Block VIIB PSC from Vectra to the Target (the “**Transfer**”) before the

Completion. The Transfer and the Proposed Disposal will be made inter-conditional. As such, the Transfer is not expected to have any material financial impact on the Group.

The Company will make further announcement(s) in compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) to keep shareholders informed, as and when the definitive agreement in relation to the Transfer has been entered into with Vectra. Further details will also be set out in the announcement(s) to be made in due course. Full details of the Proposed Disposal including the Transfer will be set out in the Circular (as defined below) to be despatched in due course.

5. USE OF PROCEEDS, VALUE OF THE TARGET AND GAIN ON THE PROPOSED DISPOSAL

As the Consideration of the Proposed Disposal is only US\$1 and the net proceeds will represent a deficit of US\$40,000, after deducting estimated fees and expenses to be incurred in connection with the Proposed Disposal of approximately US\$40,000 (the “**Net Proceeds**”), it will not be meaningful to disclose the intended use of such proceeds.

Based on the unaudited consolidated financial statements of the Target for the financial year ended 31 December 2018, the Target is in a net liabilities position of US\$3.2 million (after the impairment of US\$2.7 million in relation to the Block VIIB PSC and including net amount due to related companies of US\$3.0 million (the “**Related Company Balances**”)) as at 31 December 2018. The Related Company Balances, including an amount of US\$2.3 million owing from the Target to the Company, will be waived upon completion of the Proposed Disposal.

Based on the foregoing, the Group would expect to realise a net gain on disposal, after taking the waiver of the Related Company Balances into consideration, of US\$0.2 million.

6. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE CATALIST RULES

- 6.1. The relative figures in relation to the Proposed Disposal are computed on the applicable bases set out in Rule 1006 of the Catalist Rules based on the financial statements for the half year ended 30 June 2018 (“**1H2018**”), being the latest announced unaudited financial statements of the Group as at the date of the SSA.

1006	Bases	Relative Figures	
		Scenario 1 ⁽¹⁾	Scenario 2 ⁽²⁾
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	-312.53% ⁽³⁾	180.66% ⁽⁴⁾
(b)	The net losses ⁽⁵⁾ attributable to the assets disposed of, compared with the Group's net profits(losses) ⁽⁵⁾ .	-2,896.40% ⁽⁶⁾	108.23% ⁽⁷⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	0.00% ⁽⁸⁾	0.00% ⁽⁸⁾
(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.	Not applicable ⁽⁹⁾	Not applicable ⁽⁹⁾

(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable ⁽¹⁰⁾	Not applicable ⁽¹⁰⁾
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Notes:

- (1) An impairment of US\$2.6 million was made at the Target level in 1H2018 in relation to the assets to be disposed of (the "**1H2018 Impairment Adjustment**").
- For the avoidance of doubt,
- (i) the Group's figures used for the computation in Scenario 1 was based on the Group's financial statements results announcement for 1H2018 released on 6 August 2018 (the "**1H2018 Results Announcement**"), without having adjusted for the 1H2018 Impairment Adjustment.
- (ii) The Company has not made any impairment to the assets to be disposed of in the 1H2018 Results Announcement due to the uncertainty of the Potential Disposal and the finalisation of the net consideration payable to QP will only be ascertained upon the entry into the definitive sales and purchase agreement. As at the date of this announcement, the Term Sheet has lapsed.
- (2) Based on the 1H2018 Results Announcement and taking into account of the 1H2018 Impairment Adjustment at the Group level.
- (3) The assets to be disposed of is in net liabilities position of US\$3.0 million as at 30 June 2018, compared with the Group's net asset value US\$1.0 million as at 30 June 2018.
- (4) The assets to be disposed of is in net liabilities position of US\$3.0 million as at 30 June 2018, compared with the Group's net liabilities position of US\$1.7 million as at 30 June 2018.
- (5) "Net losses/profits" means loss/profit before income tax, minority interests and extraordinary items.
- (6) Based on net losses attributable to the assets to be disposed of US\$2.7 million for 1H2018, compared with the Group's net profits of US\$0.1 million for 1H2018. The Group's net profits for 1H2018 is based on the loss before tax from continuing operations of US\$0.3 million, loss for the period from discontinued operations of US\$0.1 million and excluding the one-off NauticAWT Performance Share Plan cost of US\$0.5 million.
- (7) Based on net losses attributable to the assets to be disposed of US\$2.7 million for 1H2018, compared with the Group's net losses of US\$2.5 million for 1H2018.
- (8) Based on the Consideration of S\$1.36 (based on Consideration of US\$1 at the exchange rate as at 31 December 2018 of S\$1.3648:US\$1) and the Company's market capitalisation of approximately US\$4.2 million (based on the Company's existing issued share capital of 212,333,525 Shares (excluding treasury shares) and the volume weighted average price ("**VWAP**") of S\$0.020 per Share on 11 December 2018, being the last full market day on which trades were recorded on Catalist of the SGX-ST immediately preceding the date on which the SSA was entered into).
- (9) This basis is not applicable as no equity securities will be issued by the Company as consideration for the Proposed Disposal.
- (10) This basis is only applicable to a disposal of mineral, oil and gas assets, and is accordingly not applicable to the Proposed Disposal.

For avoidance of doubt, the relative figures computed on the applicable bases set out in Rule 1006 above sets out the net impact of the Proposed Disposal, being the Proposed Disposal of the Company's equity interests in the Target, which in turn holds 50% interest in the Block VIIB PSC. The Transfer is to facilitate the disposal of 100% interests in the Block VIIB PSC, held collectively by the Target and the Vectra, to the Purchaser, and is not expected to have any material impact to the figures set out in this announcement.

Having regard to the above, as the relative figures calculated on the bases pursuant to Rule 1006(a) and (b) exceed 50%, the Proposed Disposal constitutes a 'major transaction' under Chapter 10 of the Catalist Rules, and is therefore subject to the approval of the Shareholders at an EGM to be convened.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

- 7.1. The financial effects are presented for illustrative purposes only and are not intended to reflect the actual future financial position of the Group following the completion of the Proposed Disposal.

The following table illustrates the financial effects of the Proposed Disposal on (i) the net tangible assets (“**NTA**”) per Share of the Group (assuming the Proposed Disposal had been completed at the end of that financial year); and (ii) the loss per Share (“**LPS**”) of the Group (assuming that the Proposed Disposal had been completed at the beginning of that financial year) based on the latest audited consolidated financial statements of the Group for FY2017.

For the avoidance of doubt, such financial effects do not take into account (i) any corporate actions announced and undertaken by the Group; and (ii) any issuance of new shares in the capital of the Company, on or after 1 January 2018.

Share Capital

As there will be no issuance of shares by the Company pursuant to the Proposed Disposal, there will be no impact on the issued and paid-up share capital of the Company.

NTA per Share

	As at 31 December 2017	
	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$'000)	112	286
Number of Shares	190,965,893	190,965,893
NTA per Share (US\$ cents)	0.06	0.15

LPS

	FY2017	
	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to owners of the Company (US\$'000)	6,855	6,681
Weighted average number of Shares	190,965,893	190,965,893
LPS (US\$ cents)	3.59	3.50

Gearing

	As at 31 December 2017	
	Before the Proposed Disposal	After the Proposed Disposal
Total borrowings (US\$'000)	7,389	7,389
Shareholders' funds (US\$'000)	793	967
Gearing	9.31	7.64

8. EXTRAORDINARY GENERAL MEETING

The Company will convene an EGM to seek Shareholders' approval for the Proposed Disposal, in compliance with the Catalist Rules. A circular containing further details on, *inter alia*, the Proposed Disposal (the “**Circular**”) and enclosing a notice of EGM in connection therewith will be despatched to the Shareholders in due course.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the other Directors, the controlling shareholders, or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company (if any).

10. SERVICE CONTRACTS

No person will be appointed to the board of directors of the Company in connection with the Proposed Disposal and accordingly, no service contracts in relation thereto will be entered into by the Company.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SSA is available for inspection at the Company's office at 12 Tai Seng Link, #05-1A, Singapore 534233 during normal business hours for three (3) months from the date of this announcement.

12. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTION IN TRADING

Shareholders and potential investors should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately. The Proposed Disposal is subject to certain conditions precedent to be fulfilled. There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. The company will make the necessary announcements as and when there are material developments on the Proposed Disposal and other matters contemplated by this announcement.

By Order of the Board

John Grønbech
Executive Director and CEO
18 February 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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