





















































































































































# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 30. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

### (a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group			Total
	2010			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$'000	\$'000	\$'000	\$'000
<b>Derivative assets:</b>				
Call option	-	-	134	134
<b>Derivative liabilities:</b>				
Forward currency contracts	-	47	-	47

#### Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 30. Fair value of financial instruments (cont'd)

### (a) Fair value of financial instruments that are carried at fair value (cont'd)

#### Determination of fair value

#### Forward currency contracts:

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

As at 30 June 2010, there were outstanding forward currency contracts to purchase US\$376,000 and Euro 660,000 at average exchange rates of US\$1.4 to S\$1.0 and Euro 1.8 to S\$1.0 respectively. These contracts have maturity dates ranging from 26 July to 15 November 2010.

#### Movements in level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (level 3).

	Call option Group	
	2010	2009
	\$'000	\$'000
Opening balance	–	–
Acquired during the year (Note 12)	134	–
Closing balance	134	–

There are no financial instruments transferred between level 1, level 2 and level 3 of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 30. Fair value of financial instruments (cont'd)

### (b) *Financial instruments whose carrying amount approximate fair value*

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, bank overdrafts, current trade and other payables and current bank loans, and non-current bank loans based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Set below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements at other than fair value.

	Group			
	Carrying amount		Fair value	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Financial liabilities:				
Obligations under finance lease	534	705	482	636
Bridging loan	3,674	3,865	3,648	3,847

### *Determination of fair value*

Fair value has been determined using discounted estimated cash flows. Where repayment terms are not fixed, future cash flows are projected based on management's best estimates. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 30. Fair value of financial instruments (cont'd)

### (b) *Financial instruments whose carrying amount approximate fair value (cont'd)*

#### *Classification of financial instruments*

Set out below is a comparison by category of carrying amounts of all the Group's financial instruments that are carried in the financial statements:

	Loans and receivables	Fair value through profit or loss	Liabilities at amortised cost	Non- financial assets/ liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2010</b>					
<b>Assets</b>					
Property, plant and equipment	–	–	–	14,794	14,794
Long term deposits	313	–	–	–	313
Investment in a joint venture company	–	–	–	559	559
Derivative asset	–	134	–	–	134
Goodwill	–	–	–	722	722
Inventories	–	–	–	26,851	26,851
Trade receivables	24,736	–	–	–	24,736
Other receivables	881	–	–	–	881
Prepayments	–	–	–	336	336
Income tax recoverable	–	–	–	231	231
Cash and cash equivalents	3,406	–	–	–	3,406
	<b>29,336</b>	<b>134</b>	<b>–</b>	<b>43,493</b>	<b>72,963</b>
<b>2010</b>					
<b>Liabilities</b>					
Excess of progress billing over contract work-in- progress	–	–	–	255	255
Trade payables	–	–	9,805	–	9,805
Bill payables	–	–	13,695	–	13,695
Other payables	–	–	1,723	–	1,723
Interest-bearing loans and borrowings	–	–	8,157	–	8,157
Derivative liabilities	–	47	–	–	47
Income tax payable	–	–	–	25	25
Long term deposits received	–	–	76	–	76
Deferred tax liabilities	–	–	–	763	763
	<b>–</b>	<b>47</b>	<b>33,456</b>	<b>1,043</b>	<b>34,546</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 30. Fair value of financial instruments (cont'd)

### (b) *Financial instruments whose carrying amount approximate fair value (cont'd)*

	Loans and receivables	Fair value through profit or loss	Liabilities at amortised cost	Non- financial assets/ liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2009</b>					
<b>Assets</b>					
Property, plant and equipment	–	–	–	11,276	11,276
Long term deposits	707	–	–	–	707
Inventories	–	–	–	32,435	32,435
Trade receivables	16,122	–	–	–	16,122
Other receivables	2,013	–	–	–	2,013
Prepayments	–	–	–	215	215
Advances to a related party	584	–	–	–	584
Cash and cash equivalents	5,101	–	–	–	5,101
	<u>24,527</u>	<u>–</u>	<u>–</u>	<u>43,926</u>	<u>68,453</u>
<b>2009</b>					
<b>Liabilities</b>					
Excess of progress billing over contract work-in- progress	–	–	–	1,632	1,632
Trade payables	–	–	7,543	–	7,543
Bill payables	–	–	10,599	–	10,599
Other payables	–	–	4,401	–	4,401
Interest-bearing loans and borrowings	–	–	5,736	–	5,736
Income tax payable	–	–	–	679	679
Deferred tax liabilities	–	–	–	738	738
	<u>–</u>	<u>–</u>	<u>28,279</u>	<u>3,049</u>	<u>31,328</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 31. Financial risk management objectives and policies

The Group is exposed to interest rate, foreign currency, credit and liquidity risks. The Group's risk management approach seeks to minimise the potential material adverse impact of these exposures.

### (a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate. The Group's exposure to interest rate risk arises primarily from the Group's bank overdrafts. As the Group uses mainly fixed rate debts, its exposure to interest rate risk is minimal.

### (b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the entities, primarily USD and SGD. The foreign currencies in which these transactions are denominated are mainly United States dollars and Euro. Approximately 35.4% (2009: 30.5%) of the Group's sales are denominated in foreign currencies whilst approximately 88.7% (2009: 91.9%) of the Group's purchases are denominated in foreign currencies.

There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis. When necessary and deemed appropriate, the Group enters into forward currency contracts to hedge against fluctuations in the exchange rates.

#### *Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates (against the respective functional currencies of the entities), with all other variables held constant, of the Group's profit net of tax and equity.

		2010		2009	
		Profit net of tax	Equity	Profit net of tax	Equity
		\$'000	\$'000	\$'000	\$'000
USD	- strengthened 3% (2009: 3%)	(203)	(203)	(107)	(107)
	- weakened 3% (2009: 3%)	203	203	107	107
EUR	- strengthened 3% (2009: 3%)	(61)	(61)	(33)	(33)
	- weakened 3% (2009: 3%)	61	61	33	33



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 31. Financial risk management objectives and policies (cont'd)

### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets such as cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### *Exposure to credit risk*

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

#### *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its debtors on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2010		2009	
	\$'000	% of total	\$'000	% of total
<b>By country:</b>				
Singapore	14,051	57	9,087	57
Asia	6,766	27	3,927	24
Rest of the world	3,919	16	3,108	19
	<b>24,736</b>	<b>100</b>	<b>16,122</b>	<b>100</b>
<b>By industry sectors:</b>				
Offshore Oil and Gas	20,396	82	8,607	53
Marine	1,902	8	4,677	29
Others	2,438	10	2,838	18
	<b>24,736</b>	<b>100</b>	<b>16,122</b>	<b>100</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 31. Financial risk management objectives and policies (cont'd)

### (c) *Credit risk (cont'd)*

At the balance sheet date, approximately:

28.1% (2009: 21.4%) of the Group's trade receivables were due from 5 (2009: 5) major customers who are multi-industry conglomerates located in Singapore and overseas.

#### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade receivables).

### (d) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's cash and short term deposits, operating cash flows, availability of banking facilities and debt maturity profile are actively managed to ensure adequate working capital requirements and that repayment and funding needs are met.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 31. Financial risk management objectives and policies (cont'd)

### (d) *Liquidity risk (cont'd)*

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>2010</b>				
<b><i>Financial assets</i></b>				
Long term deposits	–	313	–	313
Derivative asset	–	134	–	134
Trade receivables	24,736	–	–	24,736
Other receivables	881	–	–	881
Cash and cash equivalents	3,406	–	–	3,406
<b>Total undiscounted financial assets</b>	<b>29,023</b>	<b>447</b>	<b>–</b>	<b>29,470</b>
<b><i>Financial liabilities</i></b>				
Trade payables	9,805	–	–	9,805
Other payables	1,723	–	–	1,723
Bills payables	13,695	–	–	13,695
Derivative liabilities	47	–	–	47
Loans and borrowings	3,547	3,823	787	8,157
Long term deposits received	–	76	–	76
Interest on liabilities	669	467	67	1,203
<b>Total undiscounted financial liabilities</b>	<b>29,486</b>	<b>4,366</b>	<b>854</b>	<b>34,706</b>
<b>Total net undiscounted financial liabilities</b>	<b>(226)</b>	<b>(4,156)</b>	<b>(854)</b>	<b>(5,236)</b>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 31. Financial risk management objectives and policies (cont'd)

### (d) *Liquidity risk (cont'd)*

	1 year or less	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Group</b>				
<b>2009</b>				
<b><i>Financial assets</i></b>				
Long term deposits	–	707	–	707
Trade receivables	16,122	–	–	16,122
Other receivables	2,013	–	–	2,013
Advances to a related party	584	–	–	584
Cash and cash equivalents	5,101	–	–	5,101
Total undiscounted financial assets	23,820	707	–	24,527
<b><i>Financial liabilities</i></b>				
Trade payables	7,543	–	–	7,543
Other payables	4,401	–	–	4,401
Bills payables	10,599	–	–	10,599
Loans and borrowings	2,281	3,428	27	5,736
Interest on liabilities	474	296	5	775
Total undiscounted financial liabilities	25,298	3,724	32	29,054
Total net undiscounted financial liabilities	(1,478)	(3,017)	(32)	(4,527)

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 31. Financial risk management objectives and policies (cont'd)

### (d) *Liquidity risk (cont'd)*

	1 year or less
	\$'000
<b>Company</b>	
<b>2010</b>	
<b><i>Financial assets</i></b>	
Other receivables	1
Amount due from a subsidiary	14,343
Cash and cash equivalents	47
Total undiscounted financial assets	<u>14,391</u>
<b><i>Financial liabilities</i></b>	
Other payables	325
Total undiscounted financial liabilities	<u>325</u>
Total net undiscounted financial assets	<u>14,066</u>
<b>2009</b>	
<b><i>Financial assets</i></b>	
Amount due from a subsidiary	14,775
Cash and cash equivalents	393
Total undiscounted financial assets	<u>15,168</u>
<b><i>Financial liabilities</i></b>	
Other payables	912
Total undiscounted financial liabilities	<u>912</u>
Total net undiscounted financial assets	<u>14,256</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 31. Financial risk management objectives and policies (cont'd)

### (d) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	1 year or less	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000
<b>Company</b>				
<b>2010</b>				
<b><i>Financial guarantees</i></b>				
DBS invoice financing	1,619	–	–	1,619
UOB bridging loan	1,278	2,396	–	3,674
	<u>2,897</u>	<u>2,396</u>	<u>–</u>	<u>5,293</u>
<b>2009</b>				
<b><i>Financial guarantees</i></b>				
DBS invoice financing	1,067	–	–	1,067
UOB bridging loan	961	2,904	–	3,865
	<u>2,028</u>	<u>2,904</u>	<u>–</u>	<u>4,932</u>

## 32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2010 and 30 June 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes equity attributable to the equity holders.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 32. Capital management (cont'd)

	Group	
	2010	2009
	\$'000	\$'000
Loans and borrowings (Note 23)	8,157	5,736
Bills payables (Note 21)	13,695	10,599
Trade payables (Note 20)	9,805	7,543
Other payables (Note 22)	1,723	4,401
Less: Cash and cash equivalents (Note 18)	(3,406)	(5,068)
Net debt	<u>29,974</u>	<u>23,211</u>
Equity attributable to the equity holders of the parent	<u>38,039</u>	<u>37,097</u>
Total capital	<u>38,039</u>	<u>37,097</u>
Capital and net debt	<u>68,013</u>	<u>60,308</u>
Gearing ratio	<u>44%</u>	<u>38%</u>

## 33. Segment information

For management purposes, the Group is organised into business segments based on the industry of the customers that it provides products and services to, and has three reportable operating segments as follows:

- I. The offshore oil and gas segment relates to sales of goods and services to customers in the oil and gas industry including design and construction of winches and offshore equipment. This reportable segment has been formed by aggregating the customers in the oil and gas industry which are regarded by management to exhibit similar economic characteristics.
- II. The marine segment relates to sales of goods and services to customers in the marine industry.
- III. Others business segment relates to sales to those customers who are mainly in the offshore construction and engineering industries.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table in Note 33(a), is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 33. Segment information (cont'd)

### (a) Business segments

The following table presents revenue and results information regarding the Group's business segments for the years ended 30 June 2010 and 2009:

	Offshore oil and gas	Marine	Others	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2010</b>				
Revenue	52,708	9,599	7,906	70,213
Other income				2,581
Segment revenue				<u>72,794</u>
Segment results	399	(10)	225	614
Share of results of a joint venture company				552
Finance income				7
Finance expenses				(628)
Profit before tax				545
Income tax expense				(87)
Profit after tax				<u>458</u>
<b>As at 30 June 2010</b>				
Segment assets	54,176	9,869	8,128	72,173
Investment in a joint venture company				559
Income tax recoverable				231
Total assets				<u>72,963</u>
Segment liabilities	19,217	3,501	2,883	25,601
Income tax payable and deferred tax liabilities				788
Total interest-bearing loans and borrowings				8,157
Total liabilities				<u>34,546</u>
Other segment information:				
Depreciation	1,409	257	211	1,877
Capital expenditure	1,395	809	666	2,870



# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 33. Segment information (cont'd)

### (a) *Business segments (cont'd)*

	Offshore oil and gas	Marine	Others	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2009</b>				
Revenue	54,015	5,544	11,623	71,182
Other income				1,204
Segment revenue				<u>72,386</u>
Segment results	6,090	160	529	6,779
Finance income				34
Finance expenses				(973)
Profit before tax				5,840
Income tax expense				(820)
Profit after tax				<u>5,020</u>
<b>As at 30 June 2009</b>				
Segment assets	52,101	5,281	11,071	68,453
Total assets				<u>68,453</u>
Segment liabilities	18,402	1,866	3,907	24,175
Income tax payable and deferred tax liabilities				1,417
Total interest-bearing loans and borrowings				5,736
Total liabilities				<u>31,328</u>
Other segment information:				
Depreciation	858	87	182	1,127
Capital expenditure	5,121	519	1,089	6,729

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2010

## 33. Segment information (cont'd)

### (b) *Geographical segments*

The turnover by geographical segments is based on the delivery order address of the customers.

The following table provides an analysis of the Group revenue by geographical market:

	Group Revenue	
	2010	2009
	\$'000	\$'000
Singapore	34,499	35,825
Asia	18,865	18,738
Rest of the world	16,849	16,619
	<b>70,213</b>	<b>71,182</b>

	Assets		Capital expenditure	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Singapore	69,237	67,427	2,253	6,729
Asia	36	–	20	–
Rest of the world	3,690	1,026	597	–
	<b>72,963</b>	<b>68,453</b>	<b>2,870</b>	<b>6,729</b>

Asia includes Brunei, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, People's Republic of China, South Korea, Taiwan, Thailand and Vietnam.

Rest of the world include Africa, Australia, North and South America, Europe, the Middle East and New Zealand.

## 34. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2010 were authorised for issue in accordance with a resolution of directors on 23 September 2010.

## SHAREHOLDING STATISTICS

As at 13 September 2010

Issued and paid-up capital	:	\$29,773,922
Number of shares	:	162,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds 3,034,000 issued shares as treasury shares.

### DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 13 September 2010

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 999	0	0.00	0	0.00
1,000 - 10,000	600	52.54	3,930,500	2.47
10,001 - 1,000,000	532	46.58	32,719,500	20.58
1,000,001 and above	10	0.88	122,316,000	76.95
<b>Grand Total</b>	<b>1,142</b>	<b>100.00</b>	<b>158,966,000</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 13 September 2010)

NAME OF SHAREHOLDERS	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	% <sup>(3)</sup>	NO. OF SHARES	% <sup>(3)</sup>
Tan Tock Han <sup>(1)</sup>	–	–	91,109,000	57.31
Tan Kheng Yeow <sup>(2)</sup>	–	–	88,000,000	55.36
Kim Teck Leong Pte. Ltd.	88,000,000	55.36	–	–

#### Notes:

- (1) Mr Tan Tock Han is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50 (the "Act") and the 3,109,000 shares held by his wife, Mdm Cheong Gim Kheng, by virtue of Section 164(15) of the Act.
- (2) Mr Tan Kheng Yeow is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Act.
- (3) The percentages of issued share capital are calculated based on 158,966,000 issued shares (excluding treasury shares) in the capital of the Company as at 13 September 2010.

# SHAREHOLDING STATISTICS

## TWENTY LARGEST SHAREHOLDERS AS AT 13 SEPTEMBER 2010

	NAME OF SHAREHOLDER	NO.OF SHARES	% OF SHAREHOLDINGS
1	KIM TECK LEONG PTE. LTD.	88,000,000	55.36
2	CIMB SECURITIES (SINGAPORE) PTE LTD	8,173,000	5.14
3	CITIBANK NOMINEES SINGAPORE PTE LTD	6,499,000	4.09
4	HONG LEONG FINANCE NOMINEES PTE LTD	6,125,000	3.85
5	TAN SEK KHOON	5,373,000	3.38
6	LIM & TAN SECURITIES PTE LTD	2,225,000	1.40
7	CHIANG SOK YANG	1,826,000	1.15
8	OVE WILLIAM AKERBLOM	1,680,000	1.06
9	TAURUS CAPITAL PARTNERS PTE LTD	1,350,000	0.85
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,065,000	0.67
11	TAN XINGKUAN (CHEN XINGKUAN)	992,000	0.62
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	870,000	0.55
13	YEO AI TEE	861,000	0.54
14	DBS NOMINEES PTE LTD	792,000	0.50
15	EASTERN NAVIGATION PTE LTD	715,000	0.45
16	TAN KHENG KUAN (CHEN QINGQUAN)	650,000	0.41
17	SNG LAY POH @ SNG ZIYUAN DAVID	625,000	0.39
18	OCBC SECURITIES PRIVATE LTD	610,000	0.38
19	HSBC (SINGAPORE) NOMINEES PTE LTD	550,000	0.35
20	HON CHUNG LIP	500,000	0.31
	<b>TOTAL</b>	<b>129,481,000</b>	<b>81.45</b>

### FREE FLOAT

Based on the information provided to the Company as at 13 September 2010, approximately 41.94% of the issued ordinary shares (excluding treasury shares) of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourth Annual General Meeting of KTL Global Limited (the "Company") will be held at 71 Tuas Bay Drive, Singapore 637430 on Friday, 22 October 2010 at 10.00 am for the following purposes:-

## AS ORDINARY BUSINESS

### Resolution 1

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 30 June 2010, together with the Auditors' Report thereon.

### Resolution 2

2. To re-elect Mr Tan Kheng Yeow, who is retiring by rotation pursuant to Article 104 of the Company's Articles of Association (the "Articles") and who, being eligible, is offering himself for re-election as a Director.

### Resolution 3

3. To re-elect Mdm Cheong Hooi Kheng, who is retiring by rotation pursuant to Article 104 of the Articles and who, being eligible, is offering herself for re-election as a Director.

### Resolution 4

4. To re-elect Mr Wong Fook Choy Sunny, who is retiring pursuant to Article 114 of the Articles and who, being eligible, is offering himself for re-election as a Director.

[Mr Wong will, upon re-election as a Director, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.]

### Resolution 5

5. To approve the payment of Directors' fees of S\$280,000 for the financial year ended 30 June 2010. [FY2009: S\$280,000]

### Resolution 6

6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to set their remuneration.
7. To transact any other ordinary business that may be properly transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

### Resolution 7

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"General authority to allot and issue new shares"

That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

- (A) (i) allot and issue shares in the capital of the Company, whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:-

- (1) The aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not:
- (i) in the case of a pro-rata renounceable rights issue, exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) ("Issued Shares"); and
- (ii) in all other cases, exceed 50% of the total number of Issued Shares, provided that the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of Issued Shares;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this authority is given, after adjusting for:-
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this authority is given; and
- (ii) any subsequent bonus issue, consolidation or sub-division of shares;

## NOTICE OF ANNUAL GENERAL MEETING

- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

### Resolution 8

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Authority to issue shares other than on a pro-rata basis at a discount exceeding 10% but not more than 20%

That, subject to and contingent upon Resolution 7 being passed, authority be and is hereby given to the Directors of the Company to allot and issue shares in the capital of the Company, pursuant to the share issue mandate granted under Resolution 7, otherwise than on a pro-rata basis to the existing shareholders of the Company, at a price per share which is at a discount exceeding 10% but not more than 20% of the weighted average price per share for trades done on the SGX-ST for the full market day on which the placement, subscription or other equivalent agreement is signed, or if trading in the shares is not available for a full market day, the weighted average price per share for trades done on the preceding market day up to the time the placement, subscription or other equivalent agreement is signed, provided that (unless revoked or varied by the Company in general meeting) this authority shall continue in force until 31 December 2010 or such later date as the SGX-ST may permit, but no later than the expiry of the share issue mandate granted under Resolution 7."

[see Explanatory Note (ii)]

### Resolution 9

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Authority to issue shares pursuant to the KTL Performance Share Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised and empowered to grant awards in accordance with the KTL Performance Share Scheme (the "Scheme") and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of awards under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and issuable in respect of all awards granted under the Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."

[see Explanatory Note (iii)]

# NOTICE OF ANNUAL GENERAL MEETING

## Resolution 10

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

"Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "Companies Act"), the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("Shares") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST") transacted through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"Prescribed Limit" means 10 percent of the issued ordinary Shares (excluding any Shares held as treasury shares) of the Company as at the date of the passing of this Resolution; and



# NOTICE OF ANNUAL GENERAL MEETING

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase : 105 percent of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase : 120 percent of the Average Closing Price,

where:

“Average Closing Price” is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“Market Day” means a day on which the SGX-ST is open for trading in securities; and

- (d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.  
[see Explanatory Note (iv)]

BY ORDER OF THE BOARD

Law Sai Leung  
Company Secretary  
Singapore  
6 October 2010

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes

- (i) Ordinary Resolution 7, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding (i) in the case of a renounceable rights issue, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, and (ii) in all other cases, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time Ordinary Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards that are outstanding or subsisting at the time Ordinary Resolution 7 is passed, and (b) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.
- (ii) Ordinary Resolution 8, if passed, will empower the Directors to undertake share placements pursuant to the general share issue mandate, proposed in Ordinary Resolution 7, at a discount exceeding 10% but not more than 20% of the weighted average trading price of the shares. The aforesaid discount was permitted by SGX-ST with effect from 20 February 2009 until 31 December 2010, subject to review by the SGX-ST.
- (iii) Ordinary Resolution 9, if passed, will empower the Directors to grant awards under the KTL Performance Share Scheme and to allot and issue shares pursuant to the vesting of awards under the said Scheme, provided that the number of shares to be issued, when added to the number of shares issued and issuable in respect of all awards granted under the said Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares) of the Company from time to time.
- (iv) Ordinary Resolution 10, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of the Resolution. Further details are set out in the Letter to Shareholders on pages 107 to 118 of the Company's Annual Report.

## Notes

- (i) A member of the Company entitled to attend and vote at the abovementioned Meeting may appoint not more than two proxies to attend and vote in his stead.
- (ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy, in the instrument appointing the proxies. A proxy need not be a member of the Company.
- (iii) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised.
- (iv) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 71 Tuas Bay Drive, Singapore 637430 not less than 48 hours before the time appointed for holding the abovementioned Meeting.

# LETTER TO SHAREHOLDERS

## KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200704519M)

### Board of Directors:-

Mr Tan Tock Han (Executive Chairman)  
Mr Tan Kheng Yeow (Chief Executive Officer)  
Mr Mark Gareth Joseph Beretta (Chief Operating Officer)  
Mr Lim Yeow Hua @ Lim You Qin (Lead Independent Director)  
Mdm Cheong Hooi Kheng (Non-Executive Director)  
Mr Wong Fook Choy, Sunny (Independent Director)

### Registered Office:-

71 Tuas Bay Drive  
Singapore 637430

6 October 2010

To: The Shareholders of KTL Global Limited (“Shareholders”)

Dear Sir/Madam

## PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of the Annual General Meeting (the “2010 AGM”) of KTL Global Limited (the “Company”, and together with its subsidiaries, the “Group”) dated 6 October 2010 in respect of the AGM to be held on Friday, 22 October 2010 at 10.00 am at 71 Tuas Bay Drive, Singapore 637430 and resolution 10 set out under “Special Business” in the Notice of the said AGM.

### 1. INTRODUCTION

Shareholders had approved a mandate (the “Share Purchase Mandate”) at the extraordinary general meeting held on 7 October 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (“Shares”). The authority conferred on the directors of the Company (the “Directors”) under the Share Purchase Mandate will expire at the forthcoming 2010 AGM to be held on 22 October 2010.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. The purpose of this letter (“Letter”) is to provide Shareholders with information in relation to the renewal of the Share Purchase Mandate.

### 2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake the purchase or acquisition of its Shares is that the Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company’s share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the liquidity and capital of the Company and the Group.

# LETTER TO SHAREHOLDERS

## 3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2010 AGM, are summarised below:

### (a) Maximum Number of Shares

The Company may purchase only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares as at the date of the 2010 AGM on which the resolution renewing the Share Purchase Mandate is passed (the "Approval Date"). Shares, which are held as treasury shares, will be disregarded for purposes of computing the 10% limit.

As at 13 September 2010 (the "Latest Practicable Date"), the Company had 158,966,000 issued Shares (excluding treasury shares) and thus up to 15,896,600 issued Shares may be purchased by the Company.

### (b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:-

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in general meeting.

### (c) Manner of Purchase

Purchases of Shares may be made on the SGX-ST ("Market Purchases") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme ("Off-Market Purchases") as defined in Section 76C(6) of the Companies Act, Chapter 50 (the "Companies Act").

Market Purchases refer to purchases of Shares by the Company effected on the Singapore Exchange Securities Trading Limited (the "SGX-ST") through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:-

## LETTER TO SHAREHOLDERS

- (i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:-
  - (aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:-

- (i) the terms and conditions of the offer;
  - (ii) the period and procedures for acceptances;
  - (iii) the reasons for the proposed share purchase;
  - (iv) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "Take-over Code") or other applicable take-over rules;
  - (v) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and
  - (vi) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.
- (d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

# LETTER TO SHAREHOLDERS

- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the "Maximum Price") in either case, excluding related expenses of the purchase.

For the above purposes:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market-Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## 4. STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and other Rights

The Company will not have the right to attend or vote at meetings and/or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

The Company may dispose of treasury shares at any time in the following ways:

- (i) selling the treasury shares for cash;
- (ii) transferring the treasury shares for the purposes of or pursuant to an employees' share scheme;

# LETTER TO SHAREHOLDERS

- (iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancelling the treasury shares; or
- (v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

## 5. SOURCE OF FUNDS

Any purchase of Shares may be made out of the Company's distributable profits that are available for payment as dividends. The Companies Act also permits the Company to purchase its Shares out of capital, provided that:

- (a) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase; and
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

## 6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

### (a) Purchase or Acquisition Out of Capital or Profits

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

## LETTER TO SHAREHOLDERS

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

(b) Illustrative Financial Effects

For illustrative purposes only and on the basis of the following assumptions:-

- (i) that the purchase or acquisition by the Company of 15,896,600 Shares, representing 10% of its issued Shares as at the Latest Practicable Date, was made on 30 June 2010;
- (ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of \$0.3927 for each Share (being 105% of the Average Closing Price as at 30 June 2010);
- (iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to \$6,242,595 was financed entirely using its internal sources of funds and bank borrowings; and
- (iv) that the purchase or acquisition of Shares was made entirely out of profits and the Shares were held as treasury shares after the purchase or acquisition,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 30 June 2010 ("FY2010"), are set out below.

	Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
<b>As at 30 June 2010</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Share capital	28,168	28,168	28,168	28,168
Retained earnings	10,056	10,056	100	100
Treasury shares	185	6,428	185	6,428
Shareholders' funds	38,039	31,796	28,083	21,840
Net tangible assets <sup>(1)</sup>	37,695	31,452	28,083	21,840
Current assets	56,441	53,035	14,391	8,148
Current liabilities	29,097	31,934	332	332
Working capital	27,344	21,101	14,059	7,816
Total liabilities <sup>(2)</sup>	34,546	37,383	322	322
Cash and cash equivalents <sup>(2)</sup>	3,406	-	47	47
Number of Shares ('000)	158,966	143,069	158,966	143,069
<b>Financial Ratios</b>				
Net tangible assets per Share (cents)	23.7	22.0	17.7	15.3
Earnings per Share (cents)	0.2	0.2	0.1	0.1
Gearing ratio <sup>(3)</sup> (times)	0.6	0.8	-	-
Current ratio <sup>(4)</sup> (times)	1.9	1.7	43.3	24.5



# LETTER TO SHAREHOLDERS

## Notes:-

- (1) Net tangible assets equal total net assets less deferred expenditure and other intangible assets.
- (2) As funding for the Share purchases is assumed to be obtained from the subsidiaries, the cash and cash equivalents and liabilities at the Company level is not affected.
- (3) Gearing ratio equals total borrowings divided by shareholders' funds.
- (4) Current ratio equals current assets divided by current liabilities.

**Shareholders should note that the financial effects set out in this Section 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2010 numbers and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.**

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

## 7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last 5 Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) above, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 am (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

While the listing rules of the SGX-ST do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Listing Manual on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of 2 weeks immediately preceding the announcement of the Company's quarterly results or 1 month immediately preceding the announcement of the Company's full-year results, as the case may be, and ending on the date of announcement of the relevant results.

# LETTER TO SHAREHOLDERS

## 8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer, substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, there were approximately 66,667,000 issued Shares in the hands of the public (as defined above), representing 41.94% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 50,770,400 Shares, representing 35.49% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held 3,034,000 treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:

- (i) affecting adversely the listing status of the Shares on the SGX-ST;
- (ii) causing market illiquidity; or
- (iii) affecting adversely the orderly trading of Shares.

## 9. TAX IMPLICATIONS

### (a) Where the Company uses its Distributable Profits for Share Purchases

Under Section 10J of the Income Tax Act, Chapter 134 (the "Income Tax Act"), a company which purchases its own shares using its distributable profits is deemed to have paid a dividend to the shareholders from whom the shares are acquired.

As the Company is under the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company. That is, the Company does not need to provide for the franking of dividends for any Share purchase made.

The tax treatment of the receipt from a Share purchase in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase. Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase effected by way of an equal access scheme will be treated for income tax purposes as receipts of dividends.

# LETTER TO SHAREHOLDERS

(b) Where the Company uses its Contributed Capital for the Share Purchase

Under Section 10J of the Income Tax Act, a company which purchases its own shares using its contributed capital is not deemed to have paid a dividend to its shareholders from whom the shares are acquired.

Proceeds received by Shareholders who sell their Shares to the Company for which the purchases were made out of contributed capital will be treated for income tax purposes like any other disposal of shares made on SGX-ST and not as dividends. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipts of an income or capital nature.

**Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

## 10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 ("TOC Appendix 2") of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

- (i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (ii) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six (6) months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

# LETTER TO SHAREHOLDERS

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Kim Teck Leong Pte. Ltd., the controlling Shareholder of the Company, together with persons acting in concert with it, comprising Cheong Gim Kheng, Tan Kheng Kuan and Tan Suan Suan, who are shareholders of Kim Teck Leong Pte. Ltd., and Cheong Hooi Kheng who is the sister of Cheong Gim Kheng, collectively held 57.91% of the voting rights of the Company. They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase of Shares by the Company under the Share Purchase Mandate.

**Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.**

## 11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "Registrar").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

## 12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

3,034,000 Shares had been purchased by the Company in the 12 months preceding the Latest Practicable Date by way of Market Purchases at prices per Share ranging from \$0.3325 to \$0.37, and the total consideration paid for the purchases (including brokerage and other charges) amounted to approximately \$1,034,673.

# LETTER TO SHAREHOLDERS

## 13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are, as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(3)</sup>	Number of Shares	% <sup>(3)</sup>
<b>Directors</b>				
Tan Tock Han <sup>(1)</sup>	-	-	91,109,000	57.31
Tan Kheng Yeow <sup>(2)</sup>	-	-	88,000,000	55.36
Mark Gareth Joseph Beretta	240,000	0.15	-	-
Cheong Hooi Kheng	100,000	0.06	-	-
<b>Substantial Shareholders (other than Directors)</b>				
Kim Teck Leong Pte. Ltd. <sup>(1), (2)</sup>	88,000,000	55.36	-	-

### Notes:

- (1) Mr Tan Tock Han is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act and the 3,109,000 shares held by his wife, Cheong Gim Kheng, by virtue of Section 164(15) of the Companies Act.
- (2) Mr Tan Kheng Yeow is deemed to have an interest in the 88,000,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act.
- (3) The percentages of issued share capital are calculated based on 158,966,000 issued Shares (excluding treasury shares) in the capital of the Company as at the Latest Practicable Date.

## 14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 10, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2010 AGM.

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

This Letter has been seen and approved by all Directors who collectively and individually accept responsibility for this Letter and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Letter are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Letter misleading.

# LETTER TO SHAREHOLDERS

## 16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

## 17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 71 Tuas Bay Drive, Singapore 637430 during normal business hours from the date of this Letter up to the date of the 2010 AGM:

- (a) the Annual Report of the Company for the financial year ended 30 June 2010; and
- (b) the Memorandum and Articles of Association of the Company.

Yours faithfully

For and on behalf of the Board of Directors of  
**KTL GLOBAL LIMITED**

Tan Tock Han  
Executive Chairman

**KTL GLOBAL LIMITED**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200704519M)

**ANNUAL GENERAL MEETING  
PROXY FORM**

**IMPORTANT**

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. This Proxy Form is therefore not valid for use by such CPF investors, and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name)  
of \_\_\_\_\_ (Address)

being a member/members of KTL GLOBAL LIMITED (the "Company") hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held at 71 Tuas Bay Drive, Singapore 637430 on Friday, 22 October 2010 at 10.00 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Directors' Report and Audited Accounts for financial year ended 30 June 2010, together with Auditors' Report thereon		
2.	Re-election of Mr Tan Kheng Yeow as a Director		
3.	Re-election of Mdm Cheong Hooi Kheng as a Director		
4.	Re-election of Mr Wong Fook Choy Sunny as a Director		
5.	Payment of Directors' fees of S\$280,000		
6.	Re-appointment of Ernst & Young LLP as Auditors		
	Special Business		
7.	General authority to allot and issue new shares		
8.	Authority to issue shares other than on a pro-rata basis at a discount exceeding 10% but not more than 20%		
9.	Authority to issue shares pursuant to the KTL Performance Share Scheme		
10.	Share purchase mandate		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the Meeting.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes:-**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named, or at the Company's option, to treat this proxy form as invalid.
4. This proxy form must be deposited at the registered office of the Company at 71 Tuas Bay Drive, Singapore 637430 not less than 48 hours before the time set for the Annual General Meeting.
5. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.
7. The Company shall be entitled to reject a proxy form that is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.