

Issuer: k1 Ventures Limited

Security: k1 Ventures Limited

Meeting details:

Date: 20 October 2017

Time: 2.30 p.m.

Venue: Suntec Singapore Convention and Exhibition Centre, Rooms 324 - 326, Level 3, 1 Raffles Boulevard Suntec City, Singapore 039593

Company Description

K1 Ventures Limited is a principal investment firm specializing in acquisitions, strategic partnerships, and other strategic business relationships. The firm focuses on investments in mature industries and markets. It primarily invests in education, energy, and transportation leasing companies in the United States but is not averse to investments in new markets and industries. The firm prefers to make investments through a mixture of debt and equity financing and will take a minority or controlling position based on each investment and such investments can be structured using its ability to invest across an entire capital structure, from senior debt to common equity. It was formerly known as Keppel Marine Industries Limited. K1 Ventures Limited was founded on July 7, 1970 and is based in Singapore with additional offices in Miami, United States; Santa Monica, California; and New York City.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BLT)

Q1. As disclosed in Note 23 (page 54 of the annual report – Subsequent events), the disposal of the group’s Guggenheim interests will be for a gross cash consideration of approximately US\$221 million. The transaction is expected to be completed in the fourth quarter of 2017. The proceeds are expected to be distributed to shareholders through a capital reduction exercise and dividends.

- a) Now that the group has better visibility on the quantum and the timing of the cash flows, has the board considered the need to hedge the group’s currency risk given that cash distributions are made in Singapore dollars and that the shareholder base is largely Singapore?**

Q2. In Note 10 (page 47 – Debtors), the escrow receivable from disposal of subsidiary amounted to \$7.7 million as at 30 June 2017. This pertains to the disposal of Long Haul Holdings Corp (“Helm”). As disclosed, the group has filed a legal complaint against the purchaser of Helm for release of the escrow.

The sale of Helm was completed in April 2014 and the escrow amount was to be released no later than 18 months after the closing.

- a) Can the company help shareholders understand what caused the delay? Has the purchaser of Helm made any claims?**
- b) What are the company’s plans to resolve this issue?**

Q3. In the Chairman’s Statement (page 2), the company disclosed the following:

“Following the distribution of excess cash to shareholders, the Company is expected to take steps to commence voluntary liquidation, but will consider other options which are consistent with the Company’s stated objective of monetisation of investments and distribution of excess cash”.

- a) Can the board provide better clarity to shareholders on the options that are available to the company after the disposal and distribution of excess cash?**
- b) Will the board review the decision to voluntarily liquidate the company? If so, what are the factors that are being considered by the board in its deliberation on whether to proceed/discontinue the planned voluntary liquidation?**

In the results announcement for the Second quarter FY2012, the company made the following statement:

The Board has determined, after careful consideration, that due to difficulty in accessing additional capital in the market without being dilutive to shareholders, which would not be in the interest of the Company, the Company will not be making any new investments, but will focus its efforts on managing the current portfolio of assets of the Company and, at the appropriate time, realising such assets. The Board believes that this is the best course of action in the current circumstances, and will enable the Company to maximise value from the proceeds from any realisation of assets and to return the same to shareholder as appropriate. The Company has a strong balance sheet and sufficient cash to manage its current business.

- c) Has the board evaluated how the company can access additional capital in today’s market without being dilutive to the current shareholders given that the market conditions are different now?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=k1%20Ventures%20Ltd>