

KTL GLOBAL LIMITED

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

RESPONSE TO THE QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”)

The Board of Directors (the “**Board**”) of KTL Global Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) refers to the announcement released by the Company on 31 January 2023 on the financial statements for the year ended 30 September 2022 (“**1Q FY 2023**”).

SGX-ST’s questions and the Company’s corresponding responses are listed below to enable investors to understand the matters raised by SGX-ST:

SGX-ST Query 1

1. In respect of the Group’s other receivables, deposits and prepayments amounting to S\$216,000, please disclose:-

- (i) the nature and breakdown of the other receivables, deposits and prepayments;
- (ii) the underlying transactions and the terms of the transactions and payment terms of the underlying contracts; and
- (iii) the actions taken to recover the other receivables.

Company’s Response

The Group’s other receivables, deposits and prepayment amounting to S\$216,616 consists of:

Nature of Transaction (i)	Type	Amount (\$)	Underlying transaction and terms of transaction (ii) and actions taken to recover the other receivables (iii).
Rental Deposit	Deposit	6,000	(ii) 2 months deposit for office rental at \$3,000 per month (iii) not applicable
Other Deposits	Deposit	920	(ii) General Utilities (iii) not applicable
Prepayment for supply of vegetable and fruits	Prepayment	28,604	(ii) Total amount paid amounted to supplier was US\$44,400 of which US\$21,900 of goods have been delivered. The prepayment represents the value of the outstanding products due to be shipped by the overseas supplier. (iii) The Company is still in discussion with the supplier on the return of the outstanding amount.
Prepayment for renovation works	Prepayment	149,135	(ii) The renovations work have been completed. The Company is confirming the works and will recognize as expenses for FYE June 2023. (iii) not applicable
GST Receivables	Prepayment	31,637	(ii) GST

			(iii) not applicable
Other prepayments	Prepayment	320	(ii) Office management fees (iii) not applicable
Total		216,616	

SGX-ST Query 2

2. In respect of the Group's trade, other receivables, deposits and prepayments amounting to S\$666,000, please disclose:

- (i) a breakdown of the Group's receivables;
- (ii) aging of the Group's trade receivables;
- (iii) details of the Group's underlying transactions of its other receivables and the terms of the transactions;
- (iv) the Company's plans to recover the trade and other receivables;
- (v) whether they are major customer(s) and whether the Company continues to transact with these customer(s);
- (vi) How long are the debts outstanding and in which period the sales were reported;
- (vii) What were the actions taken to recover the trade and other receivables;
- (viii) The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and a
- (ix) The Board's assessment of the recoverability of the remaining trade and other receivables.

Company's Response

(i) The breakdown of the Group's receivables are:

Type of Receivables	Amount (S\$)	Remarks
Trade Receivables	449,984	
Deposits	6,920	Please refer to details in Query 1 above.
Pre-payments	178,059	
Other Receivables	31,637	
Total	666,590	

(ii) The details of the ageing of the Group's receivables

	Current	> 30 days	> 60 days	> 90 days	Total
Amount	19,260	26,750	49,120	354,864	449,984

(iii) Refer to the company's response for Query 1.

(iv) For the trade receivables, the Group continues to negotiate with the relevant customers for payment and where necessary, will consider legal action against the parties. For the other receivables, please refer to response for Query 1.

(v) The Group had four major customers contributing 93.7% of the total receivables to date. It is still trading with these two of these parties which contribute 49.8% of the total receivables. For the current reporting period, 98% of the sales were contributed by these two parties. Of the remaining two parties, one of them is eBuy Pte Ltd, with which as disclosed in earlier announcements, the Group is in discussion with for an overall settlement.

(vi) The Group has been trading regularly with these parties since February 2022. The debts have been accumulating since then. Please refer to Query 11 for further context.

(vii) The Group is currently in active discussion with debtors contributing 70.9% of the total receivables for repayment or settlement. Letter of demand have been sent out to at least one party and further legal action may be required.

(viii) The Board has not made any impairment for its unaudited financial results ending June 2022. As the accounts have not been audited, the Group has not made any adjustments pending discussion with the auditors. [Note: the Company has not appointed an external auditor yet and is in discussion with SGX on the matter.]

(ix) As explained in (viii).

SGX-ST Query 3

3. Please provide the reason(s) for the accounts payables/trade and other payables of S\$1,392,000 when the Group recorded a cash and cash equivalent of S\$492,000 as at 30 September 2022.

Please disclose a breakdown of trade and other payables/other payables amounting to S\$1,392,000 as at 30 September 2022. For other payables, please disclose the identity of the counterparties, the aging and nature of these other payables.

Company's Response

(i) The breakdown of the Group's payables are:

Type of Payables	Amount (S\$)	Remarks
Trade Payables	279,659	
Other Payables	299,116	Please see details in (ii)
Accruals	813,211	\$462,000 are provision for legal expenses, audit fees and the internal review fees; \$302,578 are accruals for director fees, salaries and employee claims while \$24,746 are accrued interest from related party loans. The remainder \$15,259 refers to GST refunds wrong classified.
Total	1,391,986	

(ii) Details of Other Payables

	Current	> 30 days	> 60 days	> 90 days	Total
<u>Legal Fees</u>					
Chevalier Law LLC				94,426	94,426
Rajah & Tann				46,094	46,094
Solitaire LLC				5,846	5,846
<u>Consultancy Fees</u>					
Monica – Secretary &				50,000	50,000

Advisory Fee					
Kit Chan – consultant				9,596	9,596
8PR Asia				12,600	12,600
Others					
SGX Fees				25,380	25,380
Chin Teck Oon – Advancement			50,000		50,000
Others	2,882	-	-	2,290	5,173
Total	2,882	-	50,000	246,233	299,116

SGX-ST Query 4

4. Given the Group's liabilities of S\$2,822,000 and cash and bank balance of only S\$492,000 and noting that the Company incurred losses of S\$352,000 for the period 1 July 2022 to 30 September 2022, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$2,177,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Company's Response

Notwithstanding that the Group has short liabilities of S\$2,177,000, S\$813,211 or 37% are accruals and as such not due and payable. Excluding the accruals, the Company will have net current asset of S\$25,000. The Company is in communication with its creditors and as at the latest practicable date, none of the Company's creditors (as at 30 September 2022) have taken action against the Company.

SGX-ST Query 5

5. As at 30 September 2022, the Group was in a net liability position of S\$0.8 million. Please disclose the pro-active actions which management plans to take to ensure that the Group's financial position remains strong.

- (i) Please assess the Company's ability to operate as a going concern.
- (ii) Please assess the Company's ability to meet its debt covenants (if any).
- (iii) Please assess the Company's ability to meet its short-term obligations when they fall due.

Company's Response

As explained above, the Company is in a net current asset position excluding the accruals and therefore, able to operate as a going concern. With respect to its borrowings, the Company continues to receive the support from the existing lenders; i.e. the CEO Loan and the advancement by former director.

While the Company is able to meet its short-term obligations with its current cash balance, the amounts are inadequate in the medium term unless the Group starts generating profitability and/or conducts a cash injection through a capital raising which the Company is actively pursuing.

Notwithstanding, the Group has two contingent liabilities as announced on 13 March 2023 and 17 March 2023 that may potentially impact the Company's ability to operate as a going concern.

- a. On 13 March 2023, the Company announced that the judgement had been entered against the Company for a sum of S\$933,800 with respect to a claim by Mr Khua Kiang Keong in relation to a placement conducted by the Company in April 2015. The Company has appealed against the judgement. In the event that the Company is unsuccessful, the Company will have to pay S\$933,000.
- b. On 17 March 2023, the Company announced that its subsidiary, Tianci Agritech Pte Ltd ("**TCA**"), received an originating summons from Fastfix Systems Pte Ltd in relation for a claim for S\$203,000. TCA has decided not to contest and will discuss with Fastfix for a potential settlement. In the event that no settlement is reached, any action against TCA, the Company may have to write-off its investment and loans to TCA.

The Company will provide further updates at a later stage.

SGX-ST Query 6

6. In respect to Note 2 of the financial statements at page 7,

(i) It is disclosed that, "The Board has assessed that there is an urgent need to raise funds and look for opportunities to inject new revenue-generating businesses into the Group." Following the actions taken by the Group as disclosed in the unaudited financial statements, please clarify the progress of the same.

(ii) It is disclosed that, "the Company had on 11 November 2021 entered into a loan agreement with Mr Chin Teck Oon, Chief Executive Officer and Executive Director, and a shareholder of the Company of up to S\$1.5 million to the Company ("**CEO Loan**"). The CEO Loan is unsecured, bears interest at 2% per annum and has a term of 3 years from the date of drawdown". Please disclose how much of the CEO Loan has been drawn down.

(iii) It is disclosed that, "the Company has on 1 March 2022 entered into a loan agreement with Mr Wu Yongqiang, the former Non-Executive Non-Independent Director and Non-Executive Chairman, and a shareholder of the Company of up to S\$10.0 million to the Company ("**Shareholder Loan**"). The Shareholder Loan is unsecured, bears interest at 5% per annum and has a term of 5 years from the date of drawdown. The Shareholder Loan will be subject to the approval of Shareholders pursuant to Rule 906(1)(a) of the SGX-ST Listing Rules, which will be obtained at an extraordinary general meeting to be convened. The Company has yet to obtain the approval of shareholders since the agreement, and given the extended lapsed period, the Company will be discussing with Mr Wu to update the status of the loan agreement". Please clarify the status of the loan agreement.

Company's Response

(i) The Company announced the memorandum of understanding to acquire 100% of AJ Oasis Pte Ltd ("**AJO**") on 30 March 2023 (the "**MOU**"). Amongst others, it is anticipated that AJO will have a valuation of not less than S\$10 million. Subject to the completion of the transaction, the Board is of the view that it will provide the Group with an additional revenue stream. As announced on 30 March 2023, the Group intends to undertake fund raising on the capital markets, including

but not limited to placements and rights issue and will update the shareholders once there are material developments.

(ii) Approximately half of the entire CEO Loan has been drawdown.

(iii) As disclosed earlier, the Shareholder Loan has lapsed. As at the date of this announcement, the parties have not reached an agreement on the extension.

SGX-ST Query 7

7. In respect of the Group's Borrowings – advance from a former director related company (as disclosed at page 12 of the financial statements – Note 13), please disclose:-

- (i) Identify the former director and related company;
- (ii) When was the loan of S\$300,000 drawn down; and
- (iii) Uses of such loan.

Company's Response

The former director refers to Mr Wu Yongqiang. The advancement was extended on and around August and September 2021 and interest free. The monies were used for general working capital.

SGX-ST Query 8

8. We refer to page 15 of the financial statements (Profit or Loss Review on Revenue).

It is disclosed that, "Revenue decreased 53% from \$103K to \$90K". Please clarify if there is a decrease of 53%.

Company's Response

Revenue decreased 13% from \$103,000 to \$90,000.

SGX-ST Query 9

9. In respect of the Group's Current Assets (as disclosed at page 16 of the financial statements), please provide an explanation for the following:

- (i) Decrease in inventories from S\$274,000 to S\$231,000;
- (ii) Increase in trade receivables from S\$354,000 to S\$450,000; and
- (iii) Increase in cash and bank balances from S\$28,000 to S\$492,000.

Company's Response

- i) The decrease in inventories of S\$43,000 were due to revenue for 1Q FY2023; being the costs of goods attributed to those sales.
- ii) Trade receivables were also due to the revenue during the period of S\$90,000 and the attributed GST amount.
- iii) The increase in cash and bank balance was due to the refund of the S\$600,000 from the

deposit for the proposed acquisition of premises; less cash payouts due to the operating loss.

SGX-ST Query 10

10. In respect of the interested person transactions (as disclosed on page 18 of the financial statements), please disclose the details and uses of the Shareholder Loan that had been drawn down.

Company's Response

The Shareholder Loan has not been drawdown. See response to Query 6 (iii).

SGX-ST Query 11

11. In respect of the Group's trade receivables, it is noted that the Group recorded revenue of S\$90,000 for 1QFY FY2023 and the trade receivable increased by S\$96,000. Please disclose:

- (i) Did the Group have any collection for the revenue recorded in 1QFY FY2023?
- (ii) What is the credit period extended to the customers for such sales?
- (iii) What is the Board's assessment of the collectability from the customers and the bases for such assessment?

Company's Response

The revenue of S\$90,000 was derived from two recurring customers. The trade receivable of S\$96,000 is due to the revenue inclusive of GST. Combined, the two companies owe the Group S\$223,945.

The two companies have a related company of which the Group rents warehousing services to store its inventory since March 2022. As at 30 September 2022, the Group owes the related company S\$253,590 in trade payables. The Group has been selling its products to the two customers since February 2022 as part of the agreement to set off the warehouse expenses incurred. Accordingly, while there is no credit period extended and no collections, the Board has assessed that there is minimum risk in the receivable and at an opportune time, negotiate to novate and contra the receivables and payables among the affected parties. For avoidance of doubt, none of the companies are related to the directors and/or the substantial shareholders of the Company.

BY ORDER OF THE BOARD
KTL GLOBAL LIMITED

Chin Teck Oon
Executive Director and Chief Executive Officer
6 April 2023