



KTL GLOBAL LIMITED

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

RESPONSE TO SGX-ST QUERIES – CLARIFICATION IN RESPECT OF THE ANNOUNCEMENT DATED 14 MAY 2021 ENTITLED “UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021” (THE “1Q2021 RESULTS”)

The Board of Directors (the “**Board**”) of KTL Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the below queries raised by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to the Company in relation to the 1Q2021 Results, and wishes to provide its response as follows:

SGX-ST’s Query 1:

Please disclose a breakdown of “Other payables and accruals” amounting to S\$126,000 as at 31 March 2021. For other payables, please disclose the identity of the counterparties, the aging and nature of these other payables.

Company’s response:

Based on the unaudited management account, the breakdown of “Other payables and accruals” of S\$126,000 are as follows:

Accrued directors fees	S\$ 41,250
Accrued audit fees	S\$ 47,828
Accrued internal audit fees	S\$ 3,642
Accrued other professional and listing fees	S\$ 26,657
Other payables	S\$ 6,623
Total “Other payables and accruals”	<u>S\$126,000</u>

The aging and nature of other payables of the Group is as follows:

	<u>Amount (S\$)</u>	<u>Aging</u>
Payable to a law firm for provision of corporate secretarial services	6,623	less than 90 days

SGX-ST Query 2:

Please explain why the Group’s “Other payables and accruals” amounted to S\$126,000 as at 31 March 2021 when there was no revenue for the first quarter ended 31 March 2021?

Company’s response:

The “Other payables and accruals” relates to the Group’s administration costs, professional fees and listing fees which were incurred for the daily operations of the Group.

SGX-ST Query 3:

Given the Group's total liabilities of S\$861,000 as at 31 March 2021 and cash and bank balances of only S\$404,000 as at 31 March 2021 and noting that the Group incurred losses of S\$335,000 for the 3 months ended 31 March 2021, please disclose the Board's assessment (i) whether the Group's current assets are adequate to meet the Group's short-term liabilities of S\$850,000, including its bases of assessment; and (ii) how the Group intends to fulfil its significant payment obligations in the next 12 months. Where the Group has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Group is on track to fulfilling these obligations.

Company's response:

- (i) The Company had on 3 June 2021 entered into a convertible loan agreement for a loan facility of up to S\$2,000,000 (the "**Loan**"), whereby approximately S\$500,000 (25% of the Loan) of the proceeds from the Loan would be used for general working capital of the Group. With the Loan in place, the Group's current assets would be adequate to meet the Group's short-term liabilities in next 12 months.
- (ii) The Group does not have any bank loans or borrowings from financial institutions, and therefore it does not have any debt obligations which require debt repayment plans, save for the convertible loan agreement.

SGX-ST Query 4:

As at 31 March 2021, the Group has total liabilities of S\$861,000 with cash and bank balances of S\$404,000. Please disclose the pro-active actions which management plans to take to ensure that the Group's financial position remains strong.

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

Company's response:

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. The Group has recently taken the following actions to (i) operate as a going concern; and (ii) meet its short-term obligations as and when they fall due:

- (i) incorporated a new subsidiary with principal activities of other investment holdings and value added logistics providers including supply chain services;
- (ii) entered into a convertible loan agreement with loan facility of up to S\$2,000,000; and
- (iii) entered into a sale and purchase agreement to acquire a company with principal business of sale and distribution of fresh vegetable and fruit produce (including import and export of fruits and vegetables, and growing of leafy and fruit vegetables).

Please refer to the Company's announcements dated 3 June 2021 for more details.

The Group has no debt covenants as it has no bank borrowings.

SGX-ST Query 5:

It is noted that the Group had no revenue for the first quarter ended 31 March 2021. In addition, the Group has total assets of S\$487,000 as at 31 March 2021, out of which, S\$404,000 is cash and bank balances. In this regard, please clarify whether the Company is considered a cash company under Listing Rule 1018 and provide the base(s) for such views.

Company's response:

The nature of the existing BOP business is provision of service. It is a "light-asset" type business and there is no capital expenditure, inventory and other "heavy" assets. So, the cash and bank balances of the Group represents a large proportion of total assets but the Group believes that having a business premised on provision of services and/or being asset light does not deem the Company as a cash company under Rule 1018, and may not be inconsistent with other companies listed on the SGX-ST.

Although the BOP business is currently suspended, the Company is still working on reviving this business when the COVID-19 situation improves. As at the date of this announcement, the Company intends to continue to operate its BOP business, and is in discussion with its clients on the timeline for resumption of this business, and has no plans to dispose any existing subsidiaries and operating business while it closely monitors the social and business environment in China during the ongoing COVID-19 pandemic.

At the same time, the Company has been proactively looking for opportunities to diversify into other potential business areas including the acquisition of a company principally engaged in the sale and distribution of fresh vegetable and fruit produce (including import and export of fruits and vegetables, and growing of leafy and fruit vegetables) as announced on 3 June 2021.

Based on the above reasons, the Board is of the view that the Company is not a cash company under Listing Rule 1018.

BY ORDER OF THE BOARD

Liu Changsheng
Chief Executive Officer
9 June 2021