

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 14 February 2023 on the financial statements for the half year ended 31 December 2022.

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

In respect of the Group’s current other receivables, deposits and prepayments amounting to S\$199,000, please disclose: -

- (i) the nature and breakdown of the current other receivables, deposits, and prepayments; and
- (ii) the underlying transactions and the terms of the transactions and payment terms of the underlying contracts.

Company’s Response

The Group’s other receivables, deposits and prepayment amounting to S\$199,238 consists of:

(i) Nature of Transaction	Type	Amount (\$)	(ii) Underlying transaction and terms of transaction
Rental Deposit	Deposit	6,000	(ii) 2 months deposit for office rental at \$3,000 per month
Other Deposits	Deposit	920	(ii) General Utilities
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.
Prepayment for renovation works	Prepayment	149,135	(ii) The renovation works have been completed. The Company is confirming the works and will recognize as expenses for FYE June 2023.
GST Receivables	Prepayment	14,259	(ii) GST
Other prepayments	Prepayment	320	(ii) Office management fees
Total		199,238	

SGX-ST Query 2

Please provide an explanation for the significant decrease in the Group's revenue of 79% from S\$706,000 (as at 31 Dec 2021) to S\$150,000 (as at 31 Dec 2022).

Company's Response

Due to the Group's current financial position, it is difficult for the Group to obtain goods on credit terms for trading, as a result, the Group must acquire its goods on cash terms. Accordingly, the Group has not been able to secure purchases under terms favourable to the Group and as a result, faced a revenue decrease. The sales of the Group are therefore from the Group's existing inventory and those that the Group pays in cash for.

SGX-ST Query 3

In respect of the Group's trade receivables of S\$510,000, please disclose:-

- (i) the nature and breakdown of the trade receivables;
- (ii) aging of the Group's trade receivables;
- (iii) the underlying transactions and the terms of the transactions (including the contract sum) and payment terms of the underlying contracts; and
- (iv) the actions taken to recover the trade receivables

Company's Response

(i) The nature of trade receivables are sales of food and agriculture products to wholesalers, traders and supermarkets and the provision of warehousing services to store such food and agriculture products.

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

	Current	> 30 days	> 60 days	> 90 days	Total
Amount	51,464	11,100	-	447,704	510,268

(iii) The Group had four major customers contributing 84.8% of the trade receivables to-date which are overdue. Two of these four major customers contribute to 46.1% of the trade receivables which amounts to S\$235,045. As disclosed in the Company's announcement dated 6 April 2023, the aforementioned two major customers have a related company of which the Group rents warehousing services to store its inventory since March 2022. As at 31 December 2022, the Group owes the related company S\$204,370 in trade payables. The Group has also been selling its products to the two customers since February 2022 as part of the agreement to set off the warehouse expenses incurred.

Of the remaining two major customers, one of them is eBuy Pte Ltd, with which, as disclosed in earlier announcements, the Group is in discussion with for an overall settlement.

(iv) As disclosed in the announcement dated 6 April 2023, the Board is negotiating to novate and contra the receivables and payables among the affected parties. For the avoidance of doubt, none of the abovementioned customers are related to the directors and/or the substantial shareholders of the Company.

SGX-ST Query 4

In respect of the Group's other payables and accruals of S\$998,000, please disclose the breakdown, aging and nature of these payables and whether the counterparties are related parties.

Company's Response

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

Type of Payables	Amount (S\$)	Remarks
Other Payables	249,116	Refer to (ii)
Accruals	749,322	\$462,000 are provision for legal expenses, audit fees and the internal review fees; \$245,944 are accruals for director fees, salaries and employee claims while \$26,120 are accrued interest from related party loans. The remainder \$15,259 refers to GST refunds wrongly classified.
Total	998,438	

(ii) Details of Other Payables

	Current	> 30 days	> 60 days	> 90 days	Total
Legal Fees					
Chevalier Law LLC				94,426	94,426
Rajah & Tann				46,094	46,094
Solitaire LLC				5,846	5,846
Consultancy Fees					
Monica – Secretary & Advisory Fee				50,000	50,000
Kit Chan – consultant				9,596	9,596
8PR Asia				12,600	12,600
Others					
SGX Fees				25,380	25,380
Others	2,790	-	-	2,384	5,174
Total	2,790	-	-	246,326	249,116

(iii) The legal fees and accrued legal fees due to Chevalier Law LLC amounting to S\$94,400 and S\$104,000 respectively are deemed related due to Mr Chong Eng Wee being an ex-director of the Company when the expenses are incurred. Mr Chong has since resigned from the Company as a director on 21 March 2022.

SGX-ST Query 5

Given the Group's current liabilities of S\$2,012,000 as at 31 December 2022, and cash and bank balance of only S\$152,000, and noting that the Group was in a net liability position of S\$1.2 million as at 31 December 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\$2,012,000, 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 current liabilities of S\$2,012,000, S\$749,000, 37.2% are accruals and as such, are not due and payable. It also includes a S\$300,000 advancement from a former director who

have agreed not to recall his advancement. Excluding the accruals and the advancement, the Company will have net current liability position of S\$101,000. Although the Group have not yet settled on a debt repayment plan, at this juncture, the Group considers this amount manageable as it is in engaging with various investors and shareholders with the intention of raising funds and has also been actively negotiating with its creditors for their support. Save for the existing claims as outlined below in the Company's response to Query 6, no other creditors have taken action against the Company and the Company is also in active discussions with the creditor to work out repayment arrangements.

SGX-ST Query 6

Taking into account the Group's cash and bank balances of S\$152,000 as at 31 December 2022:

- (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

The Board believes that the Company is able to meet its short-term obligations with its current cash balance. However, the Board is aware that the Company's current cash balance is 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. The Company notes that save for the events outlined below, no other creditors have taken action against the Company and the Company is also in discussions with the creditor to work out repayment arrangements.

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 ("**Mr Khua**") in relation to a placement conducted by the Company in April 2015. On the advice of the Company's lawyers, the Company has since lodged an appeal against the judgment (the "**Appeal**"). In the event that the Company is unsuccessful, the Company will have to pay S\$933,000.
- b. On 17 March 2023, the Company's subsidiary, Tianci Agritech Pte Ltd ("**TAP**"), received an originating summons from Fastfix Systems Pte Ltd ("**Fastfix**") in relation for a claim for S\$203,000. TAP 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 TAP, the Company may have to write-off its investment and loans to TAP.

The Company will provide further updates at a later stage.

SGX-ST Query 7

At page 7, it was disclosed that, "... *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 the shareholders since the agreement and given the extended lapsed period, the Company is still in discussion with Mr Wu to update the status of the loan agreement*".

Please disclose what is "*the extended lapsed period*".

Company's Response

The agreement was entered on 1 March 2022 and as at the date of this announcement, the Company has yet to meet the conditions of the drawdown. Given that such a significant time has lapsed from the time the agreement was entered into until current date, the Board took the prudent approach and therefore is currently in discussion with Mr Wu on the status of the loan agreement.

SGX-ST Query 8

At page 7, it was disclosed that, *“At 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”.*

It is noted from page 12 of the financial statements that S\$750,000 had been drawn down from the CEO Loan. Please clarify if there are any conditions for the drawdown of the remaining S\$750,000.

Company’s Response

Under the terms of the CEO Loan, it is conditional upon (i) the delivery of certified true copies of the resolutions of the board of directors of the Borrower approving the entry into the agreement and the transactions contemplated hereunder; and (ii) the Lender occupying the position of Group Chief Executive Officer (“**Group CEO**”) of the Borrower at the time of drawdown. As at the latest practiceable date, these conditions are met.

SGX-ST Query 9

At page 7, it was disclosed that, *“The Company’s and the Group’s financial statements have been prepared on a going concern basis as the management is of the view that the Company and the Group will be able to continue as a going concern. If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the condensed interim statement of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities which may arise. No such adjustments have been made to these condensed financial statements.”*

What is the Board of Directors’ assessment of the Group’s ability to operate as a going concern and the bases of such an assessment?

Company’s Response

As explained in Query 6, the Board’s position is that the Group is still able to operate as a going concern subject to the (i) outcome of the Appeal, (ii) the settlement with Fastfix, (iii) continued support from its lenders and creditors including but not limited to the Shareholder Loan and the CEO Loan, and (iv) its ability to raise capital in the near term.

The Company has also identified a potential new business for the Group and on 30 March 2023, announced it had entered into a non-binding Memorandum of Understanding with various vendors for the purchase of AJ Oasis Inc Pte Ltd. (“**AJO**”) The Group have considered that AJO, also being in the business of sales and distribution of food products, has synergy with the Group’s existing business. AJO has represented that they have a strong management track record and established customer networks with ready supply contracts of over S\$30,000,000.

SGX-ST Query 10

At page 15, it was disclosed that, "... *The gross loss in the current period was due to certain expiring and expired inventory which were sold at discounted prices.*"

Please clarify whether the expiring and expired inventory refers to the fresh vegetables and fruit produce by Tianci Agritech Pte. Ltd.? If not, please provide the nature of these expiring and expired inventory.

Company's Response

TAP is in the sales and distribution business and does not produce any products. Accordingly, the inventory consists of dry food products which the company has purchased to sell to its customers. As these are food related items, they have a shelf-life ranging from 3 to 18 months.

SGX-ST Query 11

The Company announced on 27 March 2023 that there is a judgment against the Company for a sum of S\$933,800 and that the Company has filed an appeal against the judgment. Please provide the Board's assessment of the ability of the Company and the Group to operate as a going concern if the Company's appeal is unsuccessful and the judgment is payable.

Company's Response

The Company has been advised by its legal advisors that the Company has grounds to substantiate the appeal against the judgment and would likely proceed to full trial thereafter. Notwithstanding the outcome of the appeal, the Company intends to discuss settlement and repayment terms with Mr Khua. The Board is unable to fully elaborate on the Company's position at this point in time as the Board is concerned that it may affect the Company's negotiations with Mr Khua in reaching a settlement. In this regard, the Company will update the shareholders at a later stage.

BY ORDER OF THE BOARD
KTL GLOBAL LIMITED

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