

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

**NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED
ACQUISITION OF 51% OF THE EQUITY INTEREST OF EBUY PTE. LTD.**

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of KTL Global Limited (the "**Company**") wishes to announce that the Company's wholly-owned subsidiary, Tianci Agritech Pte. Ltd. (the "**Purchaser**"), has on 12 July 2021 entered into a non-binding memorandum of understanding (the "**MOU**") with the sole shareholder (the "**Vendor**") of Ebuy Pte. Ltd. (the "**Target Company**").

2. THE MOU

- 2.1 The MOU sets out certain key understanding between the Vendor and the Purchaser in respect of the Purchaser's proposed acquisition of 51% of the shareholding interest in the Target Company (the "**Proposed Acquisition**").
- 2.2 The Target Company is a company incorporated in Singapore in 2013, and is in the business of distribution of fresh produce. Based on information provided to the Company, the Target Company supplies daily fresh vegetables and fruits as well as dried provisions to food service providers, retailers, restaurants and hotels, and has also extended its services to individual household(s) island wide with supplies of fresh and dried provisions. The Target Company also manufactures dim sum and noodles and is capable of packing orders on a real-time basis. As at the date of this announcement, the Vendor is the sole director of the Target Company.
- 2.3 The purchase consideration ("**Consideration**") will be satisfied in such manner and on such terms and conditions to be agreed between the parties. In this regard, it is stated in the MOU that the Consideration is intended to be approximately S\$1.476 million, which shall be satisfied by way of issuance of new ordinary shares in the Company, subject to any changes and the finalised terms in the definitive agreement(s) to be entered into by parties in relation to the Proposed Acquisition (the "**Definitive Agreement**"). Pursuant to the MOU and subject to the finalised terms in the Definitive Agreement, the number of new shares to be issued by the Company for the satisfaction of the Consideration, will be based on an issue price per share amounting to the 5-day volume weighted average price of the shares preceding the date of signing of the MOU.
- 2.4 The MOU also states that additional consideration may be payable to the Vendor, and shall be satisfied by way of issuance of further new ordinary shares in the capital of the Company as follows:
- (i) subject to the Target Company achieving a net profit after tax ("**NPAT**") of at least S\$1 million in its audited financial statements for the financial period ending 31 May 2022 ("**FY2022**"), the issuance of such number of new additional ordinary shares of the Company, the aggregate value of which is equivalent to the value of 3 times the NPAT of the Target Company in FY2022, based on the prevailing 30-day average share price of the Company prior to the issue date of the Target Company's relevant audit report; and
 - (ii) subject to the Target Company achieving a NPAT of at least S\$3 million in its audited financial statements for the financial period ending 31 May 2023 ("**FY2023**"), the issuance of such number of new additional ordinary shares of the Company, the aggregate value of which is equivalent to the value of 3 times the NPAT of the Target

Company in FY2023, based on the prevailing 30-day average share price of the Company prior to the issue date of the Target Company's audit report,

(collectively, the "**Additional Consideration**"), provided that (a) the aggregate value of the Consideration and the Additional Consideration is capped at S\$15 million; or (b) the total number of shares, which are issued by the Company in satisfaction of the Consideration and Additional Consideration, is capped at 29% of the enlarged share capital of the Company, whichever is the lower.

If the aggregate value of the Consideration and the Additional Consideration exceeds any of the cap set out in sub-paragraph (a) and (b) above, the parties may mutually agree for the Additional Consideration to be reduced accordingly.

The Company wishes to highlight that the terms pertaining to the Additional Consideration are also subject to changes and the finalised terms in the Definitive Agreement.

- 2.5 The Purchaser and the Vendor have also agreed to deal exclusively with each other in connection with the Proposed Acquisition for a period of 30 days from the signing of the MOU.
- 2.6 Following the execution of the MOU, the Purchaser will proceed to:
- (i) conduct the necessary due diligence on the Target Company and evaluate the feasibility of the Proposed Acquisition; and
 - (ii) negotiate in good faith and finalise the terms and conditions of the Definitive Agreement.
- 2.7 The MOU is only an expression of intent by the parties relating to the Proposed Acquisition and does not create any legally binding nor enforceable obligations on the parties, save in respect of (i) the Vendor's undertaking to allow/grant the Purchaser and / or the Company access to the Target Company's premises, books, documents, correspondences and records, and to render all necessary assistance and provide information required by the Purchaser in its due diligence exercise, and (ii) provisions pertaining to exclusivity, governing law, legal effect, confidentiality and cost and expenses.
- 2.8 The Board is of the view that the Proposed Acquisition is in the interests of the Group, as there is synergy between the Target Company and the Purchaser, both of which are in the distribution of fresh produce. In addition, the Purchaser also has its own sources and suppliers of fresh produce, which the Target Company can tap on, while the Purchaser can access the Target Company's network of customers to distribute the fresh produce to. In the event the Proposed Acquisition materialises, the Company will seek the approval from shareholders of the Company for the diversification of the Group's business, and such other approvals as may be required under the Listing Manual Section A: Rules of Mainboard of the Singapore Exchange Securities Trading Limited (the "**Listing Rules**").

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective directorships and/or shareholding interests in the Company and/or its subsidiaries (as the case may be) and save as disclosed in this announcement, none of the Directors or their associates or, as far as the Company is aware, substantial shareholders of the Company or their associates, has any interest, direct or indirect, in the Proposed Acquisition.

4. FURTHER UPDATES

The Company will make further announcements upon the execution of a definitive agreement and/or when there are material updates and developments that merit disclosure, in compliance with the relevant provisions of the Listing Rules.

5. TRADING CAUTION

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Purchaser will enter into the Definitive Agreement or if following the entry into such Definitive Agreement, the Proposed Acquisition will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Liu Changsheng
Chief Executive Officer

12 July 2021