



KTL Global Limited

(Incorporated in the Republic of Singapore)

(Company Registration No. 200704519M)

(The "Company")

Unaudited Second Quarter Financial Statements and Dividend Announcement for the Financial Period Ended 30 June 2020

1(a) Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

(The figures have not been audited or reviewed by the auditors)

	Group Second Quarter Ended		% Change Increase/ (Decrease)	Group Half Year Ended		% Change Increase/ (Decrease)
	Three Months Ended	Three Months Ended		Six Months Ended	Six Months Ended	
	30.06.2020 S\$'000	30.06.2019 S\$'000		30.06.2020 S\$'000	30.06.2019 S\$'000	
Revenue	527	2,312	-77%	2,517	2,312	9%
Other operating expenses	-	-	N.M.	-	9	N.M.
Sales and marketing expenses	-	(591)	N.M.	-	(591)	N.M.
Administration expenses	(371)	(139)	167%	(1,151)	(292)	294%
Profit from operations	156	1,582	-90%	1,366	1,438	-5%
Finance costs	(2)	-	N.M.	(5)	-	N.M.
Profit before taxation	154	1,582	-90%	1,361	1,438	-5%
Income tax expense	(30)	-	N.M.	(338)	-	N.M.
Profit from continuing operation	124	1,582	-92%	1,023	1,438	-29%
Discontinued operations						
Loss from discontinued operations	-	(1,172)	N.M.	-	(2,949)	N.M.
Total profit/ (loss)	124	410	-70%	1,023	(1,511)	N.M.
Other comprehensive income:						
Exchange differences on translating foreign operations, net of tax	-	519	N.M.	-	977	N.M.
Other comprehensive income for the period	-	519	N.M.	-	977	N.M.
Total comprehensive income/ (loss)	124	929	-87%	1,023	(534)	-292%
Profit/ (Loss) attributable to:						
-Owners of the parent	9	97	N.M.	97	(1,800)	N.M.
-Non-controlling interests	115	313	-63%	926	289	220%
	124	410	-70%	1,023	(1,511)	-168%
Total comprehensive income/ (loss) attributable to:						
-Owners of the parent	9	616	-99%	97	(823)	N.M.
-Non-controlling interests	115	313	-63%	926	289	220%
	124	929	-87%	1,023	(534)	N.M.

1(a)(i) Profit before taxation is arrived after crediting/ (charging) the following :

	Group Three Months Ended		% Change Increase/ (Decrease)	Group Six Months Ended		% Change Increase/ (Decrease)
	30.06.2020 S\$'000	30.06.2019 S\$'000		30.06.2020 S\$'000	30.06.2019 S\$'000	
	Depreciation of property, plant and equipment	(7)		-	N.M.	
Interest expenses	(2)	-	N.M.	(5)	-	N.M.

Notes:

(1) N.M. = Not Meaningful

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As At		Company As At	
	30/06/2020 S\$'000	31/12/2019 S\$'000	30/06/2020 S\$'000	31/12/2019 S\$'000
ASSETS				
Non-current assets:				
Property, plant and equipment	60	75	-	-
Subsidiaries	-	-	51	50
Total non-current assets	60	75	51	50
Current assets:				
Trade receivables	9,488	11,171	-	-
Other receivables, deposits and prepayments	90	26	10	17
Due from subsidiaries	-	-	1,706	647
Cash and bank balances	2,025	136	22	91
Assets held for sales	-	37,096	-	1
Total current assets	11,603	48,429	1,738	756
Total assets	11,663	48,504	1,789	806
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	36,776	36,776	36,776	36,776
Reserves	(34,175)	(54,963)	(35,393)	(36,279)
Equity, attributable to owners of the parent	2,601	(18,187)	1,383	497
Non-controlling interests	2,214	2,288	-	-
Total equity	4,815	(15,899)	1,383	497
Non-current liabilities:				
Interest-bearing loans and borrowings	10	51	-	-
Total non-current liabilities	10	51	-	-
Current liabilities:				
Trade payables	1,209	1,209	29	29
Contract liability	2,711	2,910	-	-
Other payables and accruals	491	337	377	280
Interest-bearing loans and borrowings	57	29	-	-
Income tax payable	2,370	2,030	-	-
Liabilities held for sales	-	57,837	-	-
Total current liabilities	6,838	64,352	406	309
Total liabilities	6,848	64,403	406	309
Total equity and liabilities	11,663	48,504	1,789	806

1(b)(ii) Aggregate amount of group's bank borrowings and debt securities**Amount repayable in one year or less, or on demand**

	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$000	S\$000	S\$000	S\$000
Interest-bearing loans and borrowings: from FRS 116 (Rights to use)	-	57	-	29
	-	57	-	29

Amount repayable after one year

	As at 30 June 2020		As at 31 December 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$000	S\$000	S\$000	S\$000
Interest-bearing loans and borrowings: from FRS 116 (Rights to use)	-	10	-	51
	-	10	-	51

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	Second Quarter Ended		Half Year Ended	
	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Cash Flows Generated From/ (Used In) Operating Activities:</u>				
Total profit/(loss)	124	410	1,023	(1,515)
Adjustments for:				
Income tax expenses	30	69	338	81
Depreciation of property, plant and equipment	7	364	14	623
Impairment on investment in joint venture	-	(70)	-	(70)
Property, plant and equipment written off	-	2	-	-
Bad debts written off	-	-	-	12
Allowance for doubtful debts	-	-	-	(46)
Waiver of amount owing to a joint venture company	-	-	-	(527)
Amortisation of prepaid land lease	-	30	-	62
Interest expenses	2	421	5	843
Share of results of an associate	-	(25)	-	(25)
Operating Cash Flows Before Working Capital Changes	163	1,201	1,380	(562)
Inventories	-	(169)	-	1,061
Trade and other receivables	2,676	(3,324)	1,618	(3,152)
Trade and other payables	-	2,959	100	1,479
Contract Liability	(199)	-	(199)	-
Net Cash Flows Generated from/ (Used In) Operations Before Interest and Tax	2,640	667	2,899	(1,174)
Income tax paid	-	(69)	-	(81)
Currency translation	-	599	-	951
Net Cash Flows Generated From/ (Used In) Operating Activities	2,640	1,197	2,899	(304)
<u>Cash Flows Generated From Investing Activities:</u>				
Purchase of property, plant and equipment	-	(423)	-	(715)
Proceeds from disposal of investments, classified as held for sale	-	-	-	725
Proceed from disposal of property, plant and equipment	-	89	-	89
Net Cash Flows (Used In)/ Generated from Investing Activities	-	(334)	-	99
<u>Cash Flows Used In Financing Activities:</u>				
Proceeds from interest-bearing loans and borrowings	-	2,347	-	2,922
Repayment of interest-bearing loans and borrowings	(10)	(1,997)	(10)	(2,753)
Dividends paid to non-controlling interests	(1,000)	-	(1,000)	-
Interest paid	-	(421)	-	(843)
Net Cash Flows Used In Financing Activities	(1,010)	(71)	(1,010)	(674)
Net Increase/ (Decrease) in Cash and Cash Equivalents	1,630	792	1,889	(879)
Cash and Cash Equivalents at Beginning of Period	395	782	136	2,453
Cash and Cash Equivalents at End of Period	2,025	1,574	2,025	1,574

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	ATTRIBUTABLE TO OWNERS OF THE PARENT							Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares Reserve	Premium paid on acquisition of non-controlling interest	Translation Reserve	Statutory Reserve Fund	Accumulated Profits (Losses)	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	Reserves S\$'000		
Current Period:									
Balance as at 1 January 2020	36,776	(706)	(60)	717	15	(54,929)	(54,963)	2,288	(15,899)
Net profit for the Period	-	-	-	-	-	97	97	926	1,023
Dividend paid	-	-	-	-	-	-	-	(1,000)	(1,000)
Release of reserve due to disposal of subsidiaries	-	-	60	(717)	(15)	21,363	20,691	-	20,691
Balance as at 30 June 2020	36,776	(706)	-	-	-	(33,469)	(34,175)	2,214	4,815
Previous Period:									
Balance as at 1 January 2019	36,776	(706)	(60)	(2,591)	15	(50,609)	(53,951)	73	(17,102)
Net loss for the period	-	-	-	-	-	(1,800)	(1,800)	289	(1,511)
Other comprehensive income for the period	-	-	-	977	-	-	977	-	977
Total comprehensive loss for the period	-	-	-	977	-	(1,800)	(823)	289	(534)
Balance as at 30 June 2019	36,776	(706)	(60)	(1,614)	15	(52,409)	(54,774)	362	(17,636)

COMPANY

Current Period:									
Balance as at 1 January 2020	36,776	(706)	-	-	-	(35,573)	(36,279)	-	497
Net profit for the Period	-	-	-	-	-	886	886	-	886
Balance as at 30 June 2020	36,776	(706)	-	-	-	(34,687)	(35,393)	-	1,383
Previous Period:									
Balance as at 1 January 2019	36,776	(706)	-	-	-	(35,697)	(36,403)	-	373
Net loss for the period	-	-	-	-	-	(595)	(595)	-	(595)
Balance as at 30 June 2019	36,776	(706)	-	-	-	(36,292)	(36,998)	-	(222)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There has been no changes in the issued share capital of the Company since 31 March 2020.

As at 30 June 2020, the Company held no treasury shares (30 June 2019: nil) against a total number of 315,669,019 issued shares (30 June 2019: 315,669,019 issued shares excluding treasury shares).

The percentage of the aggregate number of treasury shares held against the total number of issued shares as at 30 June 2020 is nil% (30 June 2019: nil%).

Save as stated above, the Company had no outstanding options, convertible securities, treasury shares or subsidiary holdings as at 30 June 2020 and 30 June 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	As at 30 June 2020	As at 31 December 2019
No. of issued shares excluding treasury shares	315,669,019	315,669,019

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable. No treasury shares have been sold, transferred, cancelled or used in any manner as at the end of the current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by auditors.

3 Where the figures have been audited or reviewed, the auditor' report (including any modifications or emphasis of a matter)

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than the adoption of the new and revised Financial Reporting Standards ("FRS") which come into effect for the financial period ending 31 December 2020, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements for the financial year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and interpretations of Singapore Financial Reporting Standards (International) ("INT SFRS(I)") that are mandatory for the financial period beginning on 1 January 2020 as follows:

- Amendments to SFRS(I) 3 Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material
- Revised Conceptual Framework for Financial Reporting

The adoption of these new/revised SFRS(I), INT SFRS(I) and amendments to SFRS(I) has no material impact on the financial performance or position of the Group and the Company.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings/(losses) per ordinary share attributable to the owners for the period is computed based on profit, net of tax attributable to owners of the parent:-

	Group Second Quarter Ended		Group Half Year Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Earnings/ (losses) per ordinary share				
(a) Based on the weighted average number of ordinary shares in issue	0.003 cents	0.03 cents	0.03 cents	(0.57) cents
Weighted average number of ordinary shares in issue	315,669,019	315,669,019	315,669,019	315,669,019
(b) On a fully diluted basis	0.003 cents	0.03 cents	0.03 cents	(0.57) cents
Weighted average number of ordinary shares in issue	315,669,019	315,669,019	315,669,019	315,669,019

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group As At		Company As At	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	1.53 cents	(5.04) cents	0.12 cents	0.02 cents
Number of shares in issue excluding treasury shares	315,669,019	315,669,019	315,669,019	315,669,019

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Profit or Loss Review

Revenue

2Q 2020 vs 2Q 2019 & HY 2020 vs HY 2019

The Group's revenue for the three months ended 30 June 2020 ("2Q 2020") was S\$0.5 million which represented services income generated by its 80% owned subsidiary, Bluegas Private Limited ("Bluegas") from the provision of branding, operation and procurement ("BOP") services to the operators in the PRC (who are our clients) (the "Client(s)") secured and assigned by the cooperation partner Shenzhen Green Leopard Medical Technology Co., Ltd. that manufactures smart automatic vending kiosks ("AVK") for the sales and dispensation of medical consumables and supplements. Bluegas provided the BOP services including (i) branding management, (ii) operational support, (iii) central procurement, (iv) recruitment, customised training and development of human resource to the downstream operators that supplied to hospitals, clinics and pharmacies in different provinces of PRC with smart automatic vending kiosks dispensing medical consumables and supplements.

The Group's revenue for 2Q 2020 was 77% lower than the S\$2.3 million generated for the corresponding period in the last financial year ("2Q 2019"). This is due to the COVID-19 outbreak in China in early 2020, which resulted in Bluegas suspending its BOP services from January 2020, and only partially resuming its BOP services from June 2020.

The Group's revenue for the six months ended 30 June 2020 ("HY 2020") was S\$2.5 million, 9% higher than the S\$2.3 million generated for the corresponding period in the last financial year ("HY 2019"). As the revenue recognised in HY 2019 only represented a few customers when the BOP services business commenced operations in May 2019, the revenue generated in HY 2019 is smaller.

Sales and marketing expenses

2Q 2020 vs 2Q 2019 & HY 2020 vs HY 2019

No sales and marketing expenses have been incurred during 2Q 2020 and HY 2020. The sales and marketing expenses recognised in 2Q 2019 and HY 2019 represented the promotional costs in early start-up of the BOP service business in China.

Administration Expenses

2Q 2020 vs 2Q 2019 & HY 2020 vs HY 2019

Administration expenses for 2Q 2020 and HY 2020, were higher than 2Q 2019 and HY 2019 respectively.

Although the suspension of BOP services due to the COVID-19 outbreak has resulted in a drop in revenue for 2Q 2020, the administration expenses for 2Q 2020 remained high as most of them are fixed in nature. The increase in administration expenses for 2Q 2020 is mainly due to lower expenses incurred in 2Q 2019 when Bluegas started its BOP services business in May 2019.

The higher HY 2020 administration expenses is in line with the larger revenue recognised for HY 2020. Significant increase in administration expenses in HY 2020 was due to much lower expenses in HY 2019 such as staff cost, professional fee, travelling expenses being incurred only when the BOP services business commenced in late HY 2019.

Finance Costs**2Q 2020 vs 2Q 2019 & HY 2020 vs HY 2019**

Finance costs represented the interest expenses derived from the Group's leased premises and are recognised in accordance with the Singapore Financial Reporting Standards ("SFRS") No. 116.

Profit or loss, attributable to owners of the parent**2Q 2020 vs 2Q 2019 & HY 2020 vs HY 2019**

The decrease in profits attributable to owners of the parent in 2Q 2020 were mainly due to lower revenue for the BOP business contributed from Bluegas during the COVID-19 outbreak, while the administration expenses has increased as compared to 2Q 2019.

There is profit attributable to owners of the parent in HY 2020 when Bluegas has contributed its revenue and profits from the BOP services business. The loss attributable to owners of the parent in HY 2019 was due to the loss-making business from the discontinued operation.

Statement of Financial Position Review

30 June 2020 vs 31 December 2019

Current assets

The current assets mainly represented the trade receivables from the customers in PRC derived wholly from our BOP service fees amounting to S\$9.5 million as at 30 June 2020. The decrease of current assets from S\$48.4 million to S\$11.6 million is mainly due to the derecognition of the assets held for sale from the discontinuing operation of S\$37.1 million since January 2020 and settlement of certain trade receivables during 2Q 2020.

The COVID-19 outbreak has resulted in a significant impact on the Clients in PRC. Although the BOP services have been suspended since February 2020, the Clients had made partial settlement amounting to S\$3 million during 2Q 2020. Payment of most of the remaining trade receivables was structured as a repayment plan to be settled from September 2020 to March 2021. The management is of the view that the repayment plan is necessary to facilitate collection in view of businesses being adversely affected by consequences of COVID-19. As at the date of this announcement, there is no indication of impairment losses for the trade receivables.

Current liabilities

The current liabilities as at 30 June 2020 decreased from S\$64.4 million to S\$6.8 million, due mainly to the derecognition of the liabilities held for sale from the disposal of the Company's wholly-owned subsidiaries, KTL Offshore Pte. Ltd. and KTL Investment Pte. Ltd. in January 2020, of S\$57.8 million since January 2020.

The trade payables of S\$1.2 million pertained to the cost of purchase of materials payable to the vendors in connection to Bluegas' BOP services. The contract liability of S\$2.7 million arose from Bluegas' obligation to perform BOP services for customers for which the service fee was due from such customers but the performance of services had not yet been completed.

Cash Flow Review

2Q 2020

The net cash flows generated from operating activities for 2Q 2020 was S\$2.6 million and this was mainly due to the decrease in account receivable for 2Q 2020 of S\$2.7 million, adjusted by the decrease in contract liability of S\$0.2 million. There were no cash flows generated from investing activities during the period of 2Q 2020. The net cash flows used in financing activities was S\$1.0 million and this was mainly due to the dividends paid to the non-controlling interest of the Group.

HY 2020

The net cash flows generated from operating activities for HY 2020 was S\$2.9 million and this was mainly due to the total profits for HY2020 of S\$1.0 million, decrease in trade and other receivables of S\$1.6 million, adjusted by decrease in contract liability of S\$0.2 million. There were no cash flows generated from investing activities during the period of HY 2020. The net cash flows used in financing activities was S\$1.0 million and this was mainly due to the dividends paid to the non-controlling interest of the Group.

9 Where a forecast, or a prospect statement, had been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

As the Group transitioned from the business of the trading of rigging equipment to the BOP service business during 2019, the Group's major operating subsidiary, Bluegas will remain the main contributor to the financial performance of the Group in respect of the provision of BOP services in the AVK sector in PRC. The Group will continue providing the BOP services "under one roof", which offers clients a full suite of an integrated solution to their business needs, and confers them with branding and marketing abilities for rapid penetration, public relation services for expanding networks, central procurement platforms for cost-saving, liaison channels with relevant local authorities for business development, as well as know-how and skills for improving overall operating efficiency.

The Group intends to leverage on the network of business relationships it has established in PRC, and the expertise it has developed through the provision of BOP services, to companies outside the existing sector as and when such opportunity arises.

Although the COVID-19 outbreak has resulted in a significant impact on Bluegas' clients in PRC with the BOP services to all of its clients suspended since February 2020, one of Bluegas' clients has resumed normal operations since the middle of June 2020 and the provision of BOP services to that client has since resumed.

The situation pertaining to the COVID-19 outbreak and containment of the COVID-19 outbreak remains highly uncertain. As such, the Group will continue to closely monitor the impact, if any, which it may have on its financial performance in the next twelve months.

11 If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

None.

(b) (i) Amount per share

None.

(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the current financial period up to the date of this announcement as the Group currently still has retained losses.

13 Interested person transactions

The Company does not have a general mandate for interested person transactions.

In the current financial period, the Company did not enter into any interested person transaction of more than S\$100,000 in value.

14 Confirmation pursuant to Rule 720 (1) of the Listing Manual

The Company confirms that it has procured undertaking from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under 720 (1) of the Listing Manual.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Chng Hee Kok and Liu Changsheng, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the second quarter ended 30 June 2020 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors
KTL Global Limited

Chng Hee Kok
Non-executive Chairman
Date: 14 August 2020

Liu Changsheng
Chief Executive Officer
Date: 14 August 2020