

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

ENTRY INTO BINDING TERM SHEET

1. INTRODUCTION

The Board of Directors (the "**Board**") of KTL Global Limited ("**KTL**", or the "**Company**", and together with its subsidiary, the "**Group**") wishes to announce that on 21 November 2023, the Company had entered into a binding term sheet ("**Term Sheet**") with Universal Sun Pte. Ltd. (the "**Subscriber**") for investment by the Subscriber into the Company by way of a subscription of ordinary shares in the Company, and an extension of a loan by the Subscriber to the Company (the "**Proposed Investment**").

Please refer to paragraph 2 for an overview of the principal terms of the Term Sheet.

2. PRINCIPAL TERMS OF TERM SHEET

2.1. Proposed Subscription

The Proposed Subscription involves the Subscriber subscribing, and the Company issuing 166,666,667 ordinary shares in the share capital of the Company ("**Subscription Shares**") for an aggregate cash consideration of S\$2.5 million ("**Subscription Proceeds**"). The basis of the proposed subscription is as follows:

- (a) The Company has 347,927,000 ordinary shares prior to completion of the Proposed Subscription;
- (b) Prior to issuance of the Subscription Shares, the CEO of the Company shall convert his loan to the Company of S\$750,000.00 into 50 million ordinary shares of the Company at S\$0.015 per share;
- (c) After issuance of the Subscription Shares, the Subscription Shares will amount to approximately 29.5% of the enlarged share capital of the Company; and
- (d) The issue price is S\$0.015 per Subscription Share.

2.2. Proposed Loan

- (a) As part of the extension of a loan, the Subscriber agrees to:
 - (i) Extend the Company a loan of S\$250,000.00 ("**Initial Loan**") to fund the Company's legal fees for an application to the Court under Section 210 CA and Section 67 Insolvency, Restructuring and Dissolution Act 2018 ("**IDRA**"); and
 - (ii) Subject to the Court granting an order (A) for the meeting of the Company's creditors for purposes of the Creditors' Scheme; and (B) that the Initial Loan and Subsequent Loan (as herein defined) ("**Total Loan**") together with interest shall be deemed rescue financing having priority over all the preferential debts specified in Section 203(1)(a) to (i) IRDA and all other unsecured debts of the Company and such other orders under Section 67 IRDA as may be required by the Subscriber, extend the Company a loan of S\$250,000.00 ("**Subsequent Loan**") to fund the Company's professional fees for the transactions contemplated in this Term Sheet.

To the extent permissible by law, the Initial Loan shall, prior the Court's grant of the order under sub-paragraph (a)(ii)(B) above, be deemed to be senior to all other debt of the Company.

- (b) On the Completion Date (as defined hereinafter), the Total Loan extended (with zero interest) shall be netted off from the Subscription Proceeds payable by Subscriber to Company.
- (c) The Initial Loan, together with interest at 5% per annum, calculated daily from date of disbursement, shall be immediately repayable by the Company in the event the Court does not grant the order under sub-paragraph (a)(ii)(B) above.
- (d) The Total Loan together with interest at 5% per annum, calculated daily from date of disbursement shall be immediately repaid in full in the event:
 - (i) Company is in breach of this Term Sheet;
 - (ii) Parties fail to enter into the Agreements in accordance with Paragraph 10 for any reason whatsoever; and/or
 - (iii) Proposed Subscription does not complete on or before the Long Stop Date for any reason whatsoever.
- (e) The Total Loan or any part thereof shall be ringfenced for the purpose of utilization as stated herein, and held by stakeholders nominated by the Subscriber, and the utilization thereof shall be subject to approval by the Subscriber ("**Stakeholders Arrangement**").

2.3. Option

- (a) Subject to completion of the Proposed Subscription, the Company shall grant the Subscriber an option to subscribe for up to 141,148,437 ordinary shares in the share capital of Company ("**Option Shares**") at an issue price of S\$0.02 per Option Share ("**Option**").
- (b) An Option holder may assign its Option (whether in full or in part) to any one or more person(s) provided that the Option holder must notify the Company of the assignment within five (5) business days.
- (c) The Option may be exercisable (whether in full or in part) by an Option holder at any time and from time to time between the Completion Date (as herein defined) and the date falling 36 months after Completion Date.

2.4. Conditions Precedent

Completion is conditional upon the following conditions having been fulfilled by 31 January 2024, or such later date as may be mutually agreed in writing by the Subscriber and Company ("**Long Stop Date**"). To the extent permissible by law, the conditions may be waived by the Subscriber at its sole discretion.

- (a) Subscriber being satisfied with results of its due diligence in the affairs of the Company;
- (b) Approval of a proposed scheme of arrangement between the Company and its creditors (for settlement of all outstanding debts at the lower of (i) 50% discount; or (ii) S\$2.0 million) ("**Creditors' Scheme**") at least a majority in number of creditors who represent at least 75% in value, present and voting;
- (c) Sanction of the Creditors' Scheme by the High Court of Singapore, and the lodgement of the Order of the Court sanctioning the Creditors' Scheme is lodged with the Registrar of Companies pursuant to the Companies Act 1967 ("**CA**");

- (d) Approval of Company's shareholders in respect of the followings:
 - (i) the Proposed Subscription and ancillary transactions contemplated in this Term Sheet;
 - (ii) The proposed acquisition of new business / assets acceptable to the Subscriber ("**Proposed Acquisition**");
- (e) Such other proposals as may be necessary to regularize the financial condition and ensuring the going concern of the Company as may be acceptable to the Subscriber, at an EGM to be convened;
- (f) Approval-in-principle of the Mainboard of the Singapore Exchange ("**SGX**") being obtained for (A) the resumption of trading of the shares of the Company; and (B) the listing and quotation of the Subscription Shares and Option Shares;
- (g) The waiver by Securities Industries Council being obtained by Subscriber in relation its obligation and parties acting in concert with it to make a general offer for all the shares of the Company not already owned by them following completion of Proposed Subscription and subscription of the Option Shares under Rule 14 of the Singapore Code on Take-overs and Mergers and, if the waiver is granted subject to conditions, such conditions being reasonably acceptable to the Subscriber;
- (h) All conditions of the Creditors' Scheme being fulfilled or waived on or prior to the completion date of the Proposed Subscription ("**Completion Date**");
- (i) There having been no material adverse change to the affairs of the Company prior to the Completion Date;
- (j) The Company delivering a written undertaking (in form and substance satisfactory to Subscriber) from top 5 shareholders of the Company that they would each vote in favour of the transactions contemplated in this Term Sheet;
- (k) The CEO of the Company having converted his loan of to the Company of S\$750,000.00 into 50 million ordinary shares of the Company at S\$0.015 per share; and
- (l) All such other applicable regulatory approvals having been obtained.

2.5. Introducer's Fee

It is agreed that Accura Advisory Pte Ltd is the introducer ("**Introducer**") of the Subscriber to the Company, and the Company will be paying the followings fees to the Introducer:

- (a) A success fee of 5% on the Subscription Proceeds;
- (b) A success fee of 5% on the value of the Proposed Acquisition.
- (c) The above fees will be settled via issuance of Company's shares at S\$0.015 per share.

2.6. Break Fee

- (a) The Company shall pay the Subscriber S\$500,000.00 in cash as a break fee (“**Break Fee**”) in the event:
 - (i) The Company breaches its exclusivity obligations; and/or
 - (ii) The Company, for any reason whatsoever (other than Subscriber’s default), does not enter into definitive documentation with Subscriber after entering into this Term Sheet.
- (b) The Company shall pay the Break Fee within three (3) business days from date of Subscriber’s demand.
- (c) The Break Fee is intended to be compensatory in nature and represents a reasonable estimate of the compensation to Subscriber among other things, out of pocket expenses, costs of management and directors’ time, opportunity costs in not pursuing other SGX shell companies.

3. **RATIONALE FOR THE PROPOSED INVESTMENT**

The Group has been actively seeking investors as the Company has almost depleted its funds and its existing businesses lacked the profitability and scale to support the overheads of the Group. As at 31 March 2023, the Group has only \$24,000 in cash and cash equivalents and a net liability position of \$2.21 million. On 20 June 2023, the Group also announced that its significant shareholder has decided not to extend the Loan Agreement as he was no longer ready, willing or able to provide the Loan to the Company (Note: the Group had not drawn down any monies to date). As announced on 2 October 2023, the Company’s term sheet with a potential investor had also been terminated. This is coupled with the circumstance that the Company has been suspended from trading, severely limiting the Company’s ability to raise alternative sources of funds.

Accordingly, it is in the Company’s intention to recapitalise the Company quickly and obtain cash injection as it seeks to explore options to pay off its liabilities. With the additional cashflow from the Proposed Investment, the Company hopes to explore other business opportunities subsequently to increase revenue stream and turnaround the Company.

The Board is of the view that the Term Sheet provides the Group with the opportunity to obtain funding which would serve to alleviate its current cashflow position.

4. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As at the date hereof, save for their shareholdings in the Company and as disclosed herein, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Investment.

5. **FURTHER ANNOUNCEMENTS**

Further announcements on the Proposed Investment will be made in due course as and when the definitive agreements are entered into and as and when there are material developments. In the event that shareholders’ approval is required for transactions arising out of the Term Sheet, the Company will inform shareholders and seek their approval on the same.

6. CAUTION IN TRADING

Notwithstanding that trading in the shares of the Company is currently suspended, shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that as there is no assurance that any business activities or transactions mentioned in this announcement will materialise. People who are in doubt as to the action they should take should consult their stockbrokers, solicitors or other professional advisors.

By Order of the Board
KTL GLOBAL LIMITED

Chin Teck Oon
Executive Director and Chief Executive Officer
22 November 2023