



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

ENTRY INTO THE BRAND MANAGEMENT SERVICE AGREEMENT

1. INTRODUCTION

The Board of Directors (the “**Board**”) of KTL Global Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 23 June 2021 entered into a brand management service agreement (the “**BMSA**”) with Guangdong X Diamond Technology Co., Ltd. (广东熹钻技术有限公司) (“**Guangdong X Diamond**”), pursuant to which the Company shall provide brand management services to Guangdong X Diamond, subject to the terms therein.

2. INFORMATION ON GUANGDONG X DIAMOND

Guangdong X Diamond is a company incorporated in the People’s Republic of China (the “**PRC**”) and is in the business of manufacturing and sales of synthetic diamonds (the “**Products**”). As at the date of this announcement, the equity interests of Guangdong X Diamond are held in equal proportions by X Diamond Capital Pte. Ltd. and Shenzhen Huizhixin Network Technology Co., Ltd, both of which are understood by the Company to be the founders of Guangdong X Diamond.

3. THE BRAND SERVICES MANAGEMENT AGREEMENT

3.1 Key Terms of the BMSA

The key terms of the BMSA include, among others:

- Services** : The Company shall provide the following brand management services to Guangdong X Diamond (collectively, the “**Services**”):
- (a) negotiating and structuring feasible partnerships, joint ventures or collaborations with advertising agencies or other feasible marketing platforms;
 - (b) identifying target markets;
 - (c) monitoring and analysing market trends and conducting market research on competitors’ products;
 - (d) develop the marketing, pricing and branding strategy of Guangdong X Diamond;

- (e) proposing methods to develop and expand the customer base of Guangdong X Diamond, including retail customers, distributors and other partners / businesses who may wish to sell the Products in their respective e-commerce or physical shops; and
- (f) introducing Guangdong X Diamond to and / or connecting Guangdong X Diamond with local partners / businesses, which may be interested in (i) selling the Products in their respective e-commerce and / or physical shops (or such e-commerce and / or physical shops which may be set up by such partners / businesses) and / or (ii) distributing the Products to retail shops. Guangdong X Diamond has acknowledged and agreed that the Company may provide or may be providing branding, operation and procurement services to the foregoing partners and / or businesses.

Term : The BMSA shall begin from the date of signing of the BMSA (the “**Commencement Date**”) and shall terminate upon the expiry of one (1) year from the Commencement Date (the “**Initial Term**”), unless extended for such longer period as may be mutually agreed by the parties in writing (the Initial Term and such extended period collectively, the “**Term**”), in which event and if applicable, the parties shall also agree in writing as to the amount and payment of further service fees in respect of such extended period of the Term.

Amount of Service Fee : The fees in respect of the Services provided by the Company for the Initial Term is S\$120,000 (the “**Service Fee**”).

The Company wishes to highlight that the foregoing amount of Service Fee and the payment terms were arrived at on a willing-seller, willing-buyer basis, taking into account, among others, the existing market conditions and the extent of Services required to be provided by the Company to Guangdong X Diamond.

Satisfaction of Service Fee : The Company shall at its absolute discretion be entitled to elect for the Service Fee to be satisfied in one of the following manners by written notice to Guangdong X Diamond (the “**Payment Notice**”):

- (a) the Service Fee to be satisfied entirely in cash; or
- (b) the Service Fee to be satisfied entirely by the issuance of such number of new shares in the capital of Guangdong X Diamond (the “**Consideration Shares**”), such number of Consideration Shares to represent 2.99% of the shares in the enlarged capital of Guangdong X Diamond; or
- (c) the Service Fee to be satisfied partly in cash and partly by way of issuance of such number of Consideration Shares (the percentage of the Service Fee to be satisfied in cash and the percentage of the Service Fee to be satisfied by the issuance of Consideration Shares to be determined by the Company).

Where the Company elects for the Service Fee to be satisfied entirely in cash in the manner set out in sub-paragraph (a) above or partly in cash in the manner set out in sub-paragraph (c) above, Guangdong X Diamond shall pay in cash to the Company the entirety of the Service Fee (or such part of the Service Fee as elected by the Company to be satisfied in cash, as the case may be) before the expiry of the Initial Term.

Where the Company elects for the Service Fee to be satisfied partly in cash in the manner set out in sub-paragraph (c) above, the number of Consideration Shares to be issued shall represent an Adjusted Percentage of the shares in the enlarged capital of Guangdong X Diamond, the “**Adjusted Percentage**” shall be calculated in the following manner:

$$\text{Adjusted Percentage} = \frac{\text{Percentage of the Service Fee to be satisfied by the issuance of Consideration Shares}}{\text{Consideration Shares}} \times 2.99\%$$

Consideration Shares : Where the Company elects for the Service Fee to be satisfied (i) entirely by the issuance of such number of Consideration Shares, or (ii) partly by way of issuance of such number of Consideration Shares, the Consideration Shares shall be issued to the Company or such nominee as the Company may appoint.

In addition, in the above circumstances, the following shall apply:-

- (a) Guangdong X Diamond shall procure all approvals which may be necessary for the issuance of the Consideration Shares.
- (b) The issuance of Consideration Shares to the Company (or such nominee appointed by the Company) shall be completed within five (5) business days from the issuance of the Payment Notice by the Company or such later date as parties may agree in writing (the “**Consideration Shares Deadline**”).
- (c) Guangdong X Diamond shall bear all such taxes, duties, fees and other costs incurred in connection with the issue of the Consideration Shares to the Company or its nominee.

If the Consideration Shares are not issued and allotted to the Company (or its nominee, as the case may be) by the Consideration Shares Deadline:

- (i) the Company may, in its sole and absolute discretion, elect for the payment of the Service Fee (or the relevant part of the Service Fee, as the case may be) to be satisfied in cash, by providing written notice to Guangdong X Diamond within 10 business days of the Consideration Shares Deadline; and
- (ii) Guangdong X Diamond shall make payment of the Service Fee in entirety (or the relevant part of the Service Fee, as the

case may be) within five (5) business days of the date of the written notice issued by the Company pursuant to subparagraph (i) above by way of telegraphic transfer to the bank account of the Company.

Termination : The BMSA shall terminate with immediate effect in the event that (each being an event of default):

- (a) either party commits a breach of the BMSA which is incapable of remedy;
- (b) either party becomes insolvent or any related event as set out in the BMSA occurs;
- (c) if it is or will become unlawful for it to perform or comply with any one or more of its material obligations the BMSA; and/or
- (d) if any material provision of the BMSA is or becomes for any reason, illegal, invalid and/or unenforceable.

Effect of Termination : In the event the BMSA terminates due to any event of default as set out above, after the completion of issuance of the Consideration Shares (if any), the Company shall have the right to, in its sole discretion, elect:

- (a) to continue holding such Consideration Shares in its name (or its nominee's name, as the case may be); or
- (b) (to the extent permitted under the applicable laws) to procure transfer of such Consideration Shares from the Company (or its nominee, as the case may be) to Guangdong X Diamond or such other person as Guangdong X Diamond may nominate. In such event, Guangdong X Diamond shall bear all costs and expenses (including but not limited to any taxes, duties, filing fees, and professional costs) incurred in connection with the foregoing transfer, and shall make payment of the Service Fee to the Company in entirety in cash within 10 business days from the date of termination.

Intellectual Property : (a) Guangdong X Diamond grants the Company a royalty-free exclusive license to use the relevant trade marks owned by Guangdong X Diamond in respect of or in connection with the Products and the business of Guangdong X Diamond, including the relevant trade names (collectively, the "**GXD Trade Marks**") for purposes of providing the Services, which shall be effective throughout the Term, subject to the provisions of the BMSA. Guangdong X Diamond further irrevocably and unconditionally agrees that the Company shall be entitled to grant a sub-license to any person it deems necessary as part or for the purposes of, or in connection with, the provision of the Services, subject to any registration and / or procedural requirements as may be required under the

applicable laws.

- (b) The Company shall (i) endeavour to provide Guangdong X Diamond with a sample of any proposed material containing any of the GXD Trade Marks it intends to use for purposes of the Services at least five (5) business days prior to its proposed use, to the extent practicable and reasonable, and (ii) seek the prior written approval of Guangdong X Diamond for the Company to grant the sub-licence in respect of the GXD Trade Marks.
- (c) Nothing in the BMSA shall affect the use of the license in respect of the GXD Trade Marks by Guangdong X Diamond.

3.2 Chapter 10 of the Listing Rules

3.2.1 The Company wishes to highlight that the entry into the BMSA and the transactions pursuant thereto are within the ordinary course of business, under its existing branding, operation and procurement (“**BOP**”) services business, and the subscription of Consideration Shares (if any, subject to whether the Company elects to have the Service Fee, whether in its entirety or part thereof, to be satisfied by issuance of the Consideration Shares) by the Company or its nominee (as the case may be) pursuant to the BMSA is in connection with and ancillary to the Company’s provision of its BOP services. In addition, the Company also wishes to highlight that the foregoing subscription of Consideration Shares (if any) is not expected to change the risk profile of the Company, having considered among others, that:

- (a) (assuming that the Company elects to have the Service Fee fully satisfied by way of issuance of Consideration Shares) the Consideration Shares will only represent 2.99% of the enlarged share capital of Guangdong X Diamond, which is a minority interest;
- (b) notwithstanding that Guangdong X Diamond is loss-making in 1Q2021, Guangdong X Diamond is not in a net liability position;
- (c) the subscription of the Consideration Shares (if any) is not expected to have a significant adverse impact on the Company’s gearing;
- (d) the subscription of the Consideration Shares (if any) does not result in the Company expanding into a new jurisdiction as the Company already has business operations in the PRC; and
- (e) the subscription of Consideration Shares (if any) will not result in reduction of the Company’s net profits or net asset value by 20% or more, based on the latest audited financial statements of the Group for the financial year ended 31 December 2020 (“**FY2020**”), and assuming that the subscription had been effected at the end of FY2020.

3.2.2 Accordingly, the entry by the Company into the BMSA and the transactions contemplated thereunder would not constitute a “transaction” as defined in Rule 1002 of Section A: Rules of Mainboard of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Rules**”).

3.2.3 Notwithstanding the foregoing, the Company wishes to provide the relative figures computed on the relevant bases set out in Rule 1006 of the Listing Rules in respect of the subscription of

the Consideration Shares (if any), and based on the latest announced consolidated financial statements of the Group for the financial period ended 31 March 2021 (“1Q2021”), for illustration purposes, as set out in the table below. Shareholders should note that the relative figures have been computed assuming that the Company elects to have the Service Fee fully satisfied by way of issuance of Consideration Shares, such Consideration Shares to represent 2.99% of the enlarged share capital of Guangdong X Diamond.

Listing Rule	Relative Figures (%)
Rule 1006(a) The net (liability) / asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable as there is no disposal of any assets.
Rule 1006(b) The net profits / loss attributable to the assets acquired, compared with Group’s net profits ⁽¹⁾	1.49 ⁽²⁾
Rule 1006(c) The aggregate value of the consideration given or received, compared with the Company’s market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares	0.51 ⁽⁴⁾
Rule 1006(d) The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable as the Company is not issuing any equity securities as consideration for the subscription of the Consideration Shares.
Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group’s proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

- (1) For the purpose of computation of the net profit figures, pursuant to Rule 1002(3)(b) of the Listing Rules, “**net profits**” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (2) The net loss attributable to the subscription of the Consideration Shares of S\$5,000 is determined based on the net loss of approximately RMB840,000 (approximately S\$168,000) of Guangdong X Diamond for 1Q2021 and the latest net loss of the Group of approximately S\$335,000 for 1Q2021 based on the latest announced consolidated accounts of the Group.

- (3) The Company's market capitalisation is approximately S\$23,548,909 derived by multiplying the issued share capital of the Company of 315,669,019 Shares by the volume weighted average price of such Shares transacted on 22 June 2021 of S\$0.0746 per Share. The Company does not have any treasury shares.
- (4) The "aggregate consideration" of S\$120,000 for the provision of the Services constitutes approximately 0.51% of the Company's market capitalisation of approximately S\$23,548,909.

Shareholders should note that the "aggregate consideration" of S\$120,000 is the amount of Service Fee to be paid by Guangdong X Diamond to the Company for provision of the Services under the BMSA. If the Company elects to have the Service Fee entirely satisfied by issuance of the Consideration Shares, the Company will be subscribing for the Consideration Shares in exchange for the Services provided under the BMSA. There is no cash being paid by the Company separately for the subscription of such Consideration Shares.

3.3 Financial effects of the subscription of the Consideration Shares

3.3.1 Bases and Assumptions

The financial effects of the subscription of the Consideration Shares on the share capital, net tangible assets ("**NTA**") per Share and loss per Share ("**LPS**") of the Group have been prepared based on the latest announced unaudited consolidated financial statements of the Group for FY2020. The pro forma financial effects of the subscription of the Consideration Shares are for illustration purposes only and do not necessarily reflect the actual future results and financial position of the Group following completion of the subscription of the Consideration Shares.

For illustration purposes only, the financial effects of the subscription of the Consideration Shares have been computed based on the following assumptions:

- (a) the Company elects to have the Service Fee fully satisfied by way of issuance of Consideration Shares (such Consideration Shares to represent 2.99% of the enlarged share capital of Guangdong X Diamond);
- (b) the financial effects on the Group's NTA attributable to the Shareholders and the NTA per Share have been computed assuming that the subscription of the Consideration Shares was completed on 31 December 2020, being the end of the most recently completed financial year;
- (c) the financial effects on the Group's loss attributable to the Shareholders and LPS have been computed assuming that the subscription of the Consideration Shares was completed on 1 January 2020, being the beginning of the most recently completed financial year; and
- (d) that the expenses in connection with the subscription of the Consideration Shares have been disregarded.

Based on the information provided by Guangdong X Diamond to the Company and solely for illustration purposes, the book value and net tangible asset value of the Consideration Shares (if the Company elects to have the Service Fee fully satisfied by way of issuance of such Consideration Shares representing 2.99% of the enlarged share capital of Guangdong X Diamond) is S\$105,064 and S\$99,441, respectively.

3.3.2 Share Capital

	Before Completion	After Completion
Number of Shares	315,669,019	315,669,019
Issued and paid-up share capital (S\$'000)	36,776	36,776

3.3.3 NTA per Share

	Before Completion	After Completion
NTA attributable to Shareholders (S\$'000)	(39)	81
Number of Shares	315,669,019	315,669,019
NTA per Share attributable to Shareholders (Singapore cents)	(0.01)	0.03

3.3.4 LPS

	Before Completion	After Completion
Net loss attributable to Shareholders (S\$'000)	(2,686)	(2,566)
Weighted average number of Shares	315,669,019	315,669,019
LPS (Singapore cents)	(0.85)	(0.81)

Please note that the above financial figures are for illustrative purpose only and do not necessarily reflect the actual results and financial performance and position of the Group after the subscription of the Consideration Shares. No representation is made as to the actual financial position and / or results of the Company after completion of the subscription of the Consideration Shares.

4. RATIONALE FOR THE ENTRY INTO THE BMSA

- 4.1** The entry of the BMSA is part of the Company's BOP services business. The Company also believes that the BMSA is a good opportunity for the Company to expand the clientele of its BOP services business to include clients in the synthetic diamond manufacturing / sale industry.
- 4.2** The entry into the BMSA also allows the Company to gain knowledge and insight into the synthetic diamond manufacturing / sale industry, thereby enabling the Company to assess whether it would consider investing in such industry, whether by way of acquiring shareholding interests in Guangdong X Diamond or otherwise.
- 4.3** In this regard, the Company will ensure compliance with the applicable Listing Rules, including seeking the requisite shareholders' approvals as may be required under Chapter 10 of the Listing Rules, in the event it acquires further shareholding interests in Guangdong X Diamond or any other entities.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for their respective shareholding interests in the Company and as disclosed in this announcement, none of the Directors or their associates or, as far as the Company is aware, substantial Shareholders or their associates, has any interest, direct or indirect, in the BMSA.

6. DIRECTORS' SERVICE CONTRACT

No new directors are proposed to be appointed to the Board in connection with the entry by the Company into the BMSA. Accordingly, no service contracts will be entered into with any new director of the Company in connection with the entry by the Company into the BMSA or the subscription of the Consideration Shares (if any).

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the BMSA, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and / or reproduced in the announcement in its proper form and context.

8. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The issuance and allotment of the Consideration Shares (if any) are subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the issuance and allotment of the Consideration Shares (if any) will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

9. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the BMSA is available for inspection at the Company's registered office at 18 Boon Lay Way, #10-139, Tradehub 21, Singapore 609966 during normal business hours for a period of three (3) months commencing from the date of this announcement.

In light of the prevailing regulations due to the COVID-19 situation, any Shareholder who wishes to inspect the document should contact the Company at the email address **shareholders@kti.group** at least 3 working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the document. Shareholders will need to identify themselves by stating his/ her/ its full name as it appears on his/her/its CDP /CPF /SRS share records, contact number and NRIC/ Passport/ UEN number and state the manner in which he/ she /it holds his/ her/ its Shares in the Company (e.g. via CDP, CPF or SRS).

By Order of the Board

Liu Changsheng
Chief Executive Officer

23 June 2021