



KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore under Registration Number 200704519M)

RESPONSE TO SGX-ST QUERIES ON 2020 ANNUAL REPORT

KTL Global Limited (the “**Company**”) has received the following queries from the Singapore Securities Trading Limited (the “**SGX-ST**”) on 5 October 2021 in respect of the Company’s Annual Report for the financial year ended 31 December 2020 (the “**FY2020 Annual Report**”).

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’s Question

- (i) **Please provide the Board of Directors’ assessment of the Group’s ability to continue operating as a going concern and the bases for the said assessment.**

Company’s Response

(i) The Board is of the opinion that the Group and the Company are able to meet their debt obligations as and when they fall due and are able to continue to operate as a going concern as the Group has recently taken the following actions:

1. incorporated a new subsidiary with principal activities of other investment holdings and value added logistics providers including supply chain services;
2. entered into a convertible loan agreement with loan facility of up to S\$2,000,000;
3. entered into a sale and purchase agreement to acquire a company with principal business of sales and distribution of fresh vegetables and fruit produce; and
4. announced a placement to raise up to S\$3.09 million from investors.

- (ii) **With reference to the audited statement of financial position on page 57 of the Company’s FY2020 Annual Report, please provide an explanation for the material difference in the following:**

- (a) **Total equity of approximately \$394,000, as compared to the unaudited financial results announcement of the Company of \$(39,000); and**
- (b) **Total current liabilities of approximately \$651,000, as compared to the unaudited financial results announcement of the Company of \$1,100,000 for the financial year ended 31 December 2020.**

Please also explain whether and how the Company has complied with Listing Rule 704(6).

Company’s Response

(ii)(a) the difference in the total equity of approximately \$394,000, as compared to the unaudited financial results announcement of the Company of \$(39,000) is due mainly to the positive difference of \$1.3 million arising from the gain on disposal of discontinued operation from the change of reserves/ retained earnings being reclassified to profit and loss and offset with record of non-controlling interests of \$0.9 million.

(ii)(b) the difference in the total current liabilities of approximately \$651,000, as compared to the unaudited financial results announcement of the Company of \$1,100,000 for the financial year ended 31 December 2020 is due mainly to the decrease in income tax payable by \$0.4 million resulting from the derecognition of revenue of approximately \$2 million for the financial year ended 31 December 2020.

The auditor subsequently had adjustments made to the unaudited financial statements for the financial year ended 31 December 2020 and the Company had on 15 September 2021 released an announcement on the adjustments made to the Unaudited Financial Statements pursuant to Rule 704(6) of the SGX-ST Listing Manual. Accordingly, the Company has complied with Listing Rule 704(6).

SGX-ST's Question

(iii) **Provision 2.4 of the Code of corporate governance 2018 (the "Code") states that, "The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report."**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please state if the Company has a formal board diversity policy and clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company's Response

The Company has disclosed on pages 22 and 23 of the FY2020 Annual Report which set out *inter alia*, that the composition of the Board is reviewed on an annual basis by the Nominating Committee ("the **NC**") to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group provides an appropriate balance and diversity of skills, experience and knowledge of the Company, with core competencies in accounting and finance, legal, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

The Board and the NC recognises the importance of having an effective and diverse Board, taking into consideration the benefits of all aspect of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. Whilst at this point, the Board has not implemented specified board diversity policy on gender, age and ethnicity for candidates to be appointed to the Board, the NC will, however, continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its board renewal process.

The Board comprises five (5) Directors, of whom four (4) are independent. The Board is able to exercise objective judgment in the interests of the Group. No individual or group of individual dominates the Board's decision-making process.

Accordingly, the Board is of the view that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, which is consistent with the intent of Principle 2 of the Code. Information of their respective fields of specialties is provided on pages 9 and 10 of the FY2020 Annual Report.

SGX-ST's Question

- (iv) **Provision 8.1 of the Code states that "The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:**
- (a) **each individual director and the CEO; and**
 - (b) **at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel." (emphasis added)**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 8.1 of the Code with regard to (i) the disclosure of the amounts of remuneration of each individual director and the CEO; (ii) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000; and (iii) in aggregate the total remuneration paid to these key management personnel. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Company's Response

The Company has disclosed the following in the FY2020 Annual Report (on pages 33 to 36):

- (a) names and remuneration breakdown (in percentage terms) of individual Directors (including CEO) below S\$250,000;
- (b) names and remuneration breakdown (in percentage terms) of the two key management personnel (who are not Directors or the CEO) in bands below S\$250,000; and
- (c) the policies and practices adopted by the Company in relation to remuneration, performance and value creation, and procedure for setting remuneration, in relation to the Executive Directors and key management personnel.

The Company has also disclosed the information on the compensation paid to all Directors (including Executive Directors) in Note 21 to the Financial Statements of the Financial Report.

As disclosed on page 36 of the FY2020 Annual Report, the Board has decided not to disclose the remuneration of each individual director, CEO and the total remuneration of the top five key executive officers (who are not directors) of the Group, as the Board is of the view that full specific remuneration

of each individual director and key management personnel is not in the best interests of the Company taking into account the sensitive nature of the subject, the competitive business environment of the Group operates in and the potential negative impact such disclosure will have on the Group.

Taking into consideration the disclosures in the FY2020 Annual Report as described above, the Company is of the view that there is sufficient transparency in its practices which are consistent with the intent of Principle 8 of the Code.

SGX-ST's Question

- (v) **Provision 8.2 of the Code states that, "The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder."**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code, the provision from which it has varied, explain the reason for variation and provide an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. It is disclosed in the Annual Report that, "During the year, save for Mr. Liu Changsheng, a former Executive Director and CEO, who is a substantial shareholder of the Company, there was no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or substantial shareholder of the Company."

We note that the Company had not complied with Provision 8.2 of the Code with regard to the disclosure of the remuneration of Mr Liu Changsheng in bands no wider than S\$100,000. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Company's Response

Save for Mr. Liu Changsheng, a former Executive Director and CEO, who is a substantial shareholder of the Company, there were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or substantial shareholder of the Company.

The breakdown of the total remuneration of Mr. Liu Changsheng, a former Executive Director and CEO, who is a substantial shareholder of the Company, for FY2020 is set out as follows:

Name	Salary & CPF (%)	Bonus & CPF (%)	Other benefits (%)	Total
S\$100,000 to S\$199,999				
Liu Changsheng ¹	100	-	-	100

¹ Resigned as Executive Director and Chief Executive Officers on 31 July 2021

The Company has disclosed the policies and practices adopted by the Company in relation to remuneration, performance and value creation, and procedure for setting remuneration, in relation to the Executive Directors and key management personnel on pages 33 and 34 of the FY2020 Annual

Report.

The amounts and breakdowns of remuneration of Mr. Liu Changsheng were not disclosed for the same reasons in (iv) above.

Taking into consideration the disclosures in the FY2020 Annual Report as described above, the Company is of the view that there is sufficient transparency in its practices which are consistent with the intent of Principle 8 of the Code.

BY ORDER OF THE BOARD

Chin Teck Oon
Executive Director and CEO
26 October 2021