

KTL GLOBAL LIMITED

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

ENTRY INTO NON-BINDING MEMORANDUM OF UNDERSTANDING

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 30 March 2023, the Company had entered into a non-binding memorandum of understanding ("**MOU**") with various vendors ("**Vendors**") to acquire 2,300,000 ordinary shares representing 100% of the total issued and paid-up share capital of AJ Oasis Inc Pte Ltd ("**AJO**") ("**Proposed Acquisition**").

The Proposed Acquisition, if the Company enters into a definitive agreement with the Vendors, is expected to be a major transaction under Rule 1014 of the Listing Manual, and in such event, would be subject to, amongst others, the approval of the SGX-ST and approval of shareholders of the Company at an extraordinary general meeting to be convened, subsequent to entering into of the SPA.

Please refer to paragraph 3 for an overview of the principal terms of the MOU.

2. INFORMATION ON AJO AND THE VENDORS

2.1. Information on AJO

AJ Oasis Inc Pte Ltd was incorporated in August 2021 and is engaged in the business of wholesale distribution of seafood, poultry, fine meats and beverages to the food service and fast-moving consumer goods (FMCG) retail sales channels. AJO also oversees the sales and marketing operations in Asia for Dilmah's ready-to-drink ice tea range of products. AJO has produced and distributed food and beverage products to key customers such as SATS, Kenny Rogers Restaurants, Spinelli Coffee Company, Marina Bay Sands, Carlton Hotel, Capella Hotel in the HORECA channel; NTUC Fairprice, DFI Group and Sheng Siong of the FMCG retail channel and also Berjaya Food Berhad in Malaysia. It is also distributing and marketing its products to clients in Malaysia, Hong Kong, South Africa, South Korea and the Philippines.

2.2. Information on the Vendors

The Vendors collectively own 100% equity interest in AJO and are not related to any of the Directors or controlling shareholders of the Company. As at the date of this announcement, to the best of the knowledge of the Company, the Vendors do not hold any shares in the Company.

3. PRINCIPAL TERMS OF THE MOU

- 3.1. The Proposed Acquisition is conditional upon and subject to the entry into a definitive sale and purchase agreement ("**SPA**") by 30 April 2023.

3.2. Purchase Consideration

The purchase consideration for the Proposed Acquisition ("**Consideration**") shall be S\$10,000,000, payable in cash of up to S\$2,000,000 and the balance to be by way of issue of new ordinary shares in the Company to the Vendors (the "**Consideration Shares**"). The issue price of the Consideration Shares will be determined amongst the Purchaser and the Vendor.

The Consideration was based on arm's length negotiations between the Company and the Vendors on a willing buyer willing seller basis. Notwithstanding, the Company had taken into account the following, in reaching the Consideration:

- the supply contracts in aggregate value of not less than S\$30 million secured by AJO (the "**Supply Contracts**");
- the valuation of AJO, to be ascertained by an independent reputable valuer appointed by the Company, being not less than S\$10 million (the "**Valuation**");

The Company intends to fund the cash component of the Consideration by, at a later date, undertaking fund raising on the capital markets, including but not limited to placements and rights issues.

3.3. Conditions Precedent

Completion is conditional upon several conditions having been fulfilled by the Long-Stop Date (as defined below), the material ones being:-

- (a) All material approvals, waivers and consents as may be required for the sale of the Sale Shares, to enable the Company to be registered as holder of all of the Sale Shares;
- (b) Results of due diligence being satisfactory to the Company;
- (c) Warranties from the Vendors and the Company common and relevant for a transaction of such nature;
- (d) Approvals and/or waivers from SGX-ST, respective regulatory agencies and shareholders of the Company for the Proposed Acquisition, including but not limited to the listing and quotation of any shares to be issued by the Company as part of the Consideration;
- (e) Resumption of Trading of the Company's shares on the completion of the Transaction;
- (f) The Proposed Acquisition should be completed by no later than 31 December 2023 (the "**Long-Stop Date**") unless mutually extended by the Parties;
- (g) An agreed management agreement entered with Glenn Yap and Vivian Lai, and AJO for a period of 3 years effective from the completion of the Proposed Acquisition;
- (h) An agreed principal consulting agreement entered with Alain Ong and AJO for a period of 3 years effective from the completion of the Proposed Acquisition;
- (i) AJO achieving at least S\$10 million in revenue for the financial period ending 31 December 2022; being its first financial year;
- (j) The Supply Contracts remaining in force and ongoing; and
- (k) The Valuation.

3.3 Loan

Pursuant to the Proposed Acquisition, it is also intended for the Company to extend a loan of S\$1 million to AJO, on such terms and conditions to be determined in the SPA.

4. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Group has been exploring various business opportunities to increase its revenue streams, including but not limited to exploring the provision of branding, operation and procurement services, as well as the supply and distribution of vegetables and fruit produce to various

consumer groups in Singapore. The Company had also been faced with a decline in income due to the outbreak of COVID-19. The Board has considered that AJO, also being in the business of sales and distribution of food products, has synergy with the Group. In addition, the Board notes that the AJO has a strong track record in management and customer network in such industry and has the Supply Contracts.

The Board is of the view that the MOU provides the Group with the opportunity to acquire a business with additional revenue stream, thus improving shareholders' value.

5. 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 Acquisition.

6. FURTHER ANNOUNCEMENTS

Further announcements on the Proposed Acquisition will be made in due course as and when appropriate.

7. 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
30 March 2023