



KTL GLOBAL LIMITED

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

RESPONSE TO SGX-ST QUERIES – CLARIFICATION IN RESPECT OF THE ANNOUNCEMENT DATED 28 FEBRUARY 2020 ENTITLED “UNAUDITED FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019” (THE “4Q2019 RESULTS”)

The Board of Directors (the “**Board**”) of KTL Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce the following in response to the queries raised by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) to the Company in relation to the 4Q2019 Results:

SGX-ST’s Query 1:

It is disclosed on page 3 of the announced financial results:-

Line Item	Group as at		Company	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
Current assets Assets held for sales	37,062	41,777	-	-
Current liabilities Liabilities held for sales	57,722	59,205	-	-

It is also stated on page 11 and 12 of the announced financial results:-

“The current assets mainly pertained to (i) the assets held for sales of S\$37.1 million which were reclassified from the assets carried on the statements of financial position of the Disposal Group effected by the completion of the Disposal...”

The liabilities held for sales of S\$57.7 million were the liabilities reclassified from the liabilities carried on the statements of financial position of the Disposal Group effected by the completion of the Disposal.”

Please provide the breakdown of the following financial statement line items:- (i) Assets held for sales; and (ii) Liabilities held for sales.

Company's response:

The breakdown of the financial statement line items: (i) Assets held for sales; and (ii) Liabilities held for sales is as follows:-

	Group as at		Company	
Line Item	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
Property, plant and equipment	9,886	11,143	-	-
Prepaid land lease	2,936	3,074	-	-
Investment properties	1,622	1,655	-	-
Joint Venture	-	700	-	-
Trade and other receivables	8,684	10,126	-	-
Inventories	13,821	12,953	-	-
Cash and bank balances	113	2,126	-	-
Assets held for sales	37,062	41,777	-	-
Trade and other payables	12,473	16,668	-	-
Bills payable	4,939	4,721	-	-
Due to holding company	16,936	11,625	-	-
Interest-bearing loans and borrowings	23,374	26,191	-	-
Liabilities held for sales	57,722	59,205	-	-

SGX-ST Query 2:

It is disclosed on page 3 of the announced financial results:-

Line Item	Group as at		Company as at	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
Current assets	11,171	-	-	-
Trade receivables				

It is also stated on page 11 and 12 of the announced financial results:-

"In respective of the material trade receivables balances as at 31 December 2019, according to the requirements of the Singapore Financial Reporting Standards No. 36 – Impairment of Asset ("SFRS 36"), the Group is required to assess whether there is any indication that an asset including trade receivables may be impaired at the end of each reporting period. In this regard, amid the current Novel Coronavirus disease ("COVID-19") outbreak situation where the Group's customers are still closed and their staffs are unable to return to workplaces to operate due to local traffic restrictions, they are facing practical and unforeseeable difficulties in settling their outstanding bills in full to our Group. At the same

time, the management is neither aware of any information which may affect, nor expects, the BOP service fees to be paid by the customers to become doubtful by such temporary closure. As at the date of this announcement, the Group has collected approximately S\$1 million of the trade receivables.

Notwithstanding this, our management will closely monitor the development of such fluid and emerging situation and the trade receivables may be subject to impairment loss if necessary after the completion of the statutory audit for the financial year ended 31 December 2019 owing to any subsequent event occurring or information being obtained after the date of this announcement."

Please provide the Board's assessment of the recoverability of the trade receivables and the bases of the assessment.

Company's response:

Based on the Board's assessment, the trade receivables as at 31 December 2019 are recoverable.

The bases of the assessment include, but are not limited to the below:

- (i) although the Group's customers are severely affected by the COVID-2019 outbreak since mid-January 2020 (including the implementation of local traffic restrictions and work-from-home arrangements), the Group expects such events to be temporary in nature and not to permanently affect the customers' business and ability to make repayment once normal operations resume. The Group is also of the view that this would not result in a significant change of credit quality of customers as each of the customers has a good repayment history;
- (ii) the longest days past due from the Group's customers as at 31 December 2019 were not more than 120 days. The management considers this acceptable in the current PRC business environment; and
- (iii) the Group is still in close contact with its customers and they have made partial repayments to the Group up to the date of the Company's results announcement. This is evidence of their intention to settle their bills and to continue their business with the Group.

Based on the above, the Board had assessed and considered that the Company did not need to provide any impairment on the trade receivables. As stated in the results announcement, the Board is closely monitoring the situation and will re-assess the recoverability of trade receivables with reference to the professional judgment of the Group's auditors during the ongoing statutory audit for the financial year ended 31 December 2019. Therefore, the trade receivables may be subject to impairment provision, if necessary, after the completion of the statutory audit.

BY ORDER OF THE BOARD

Liu Changsheng
Chief Executive Officer
12 March 2020