



## KTL GLOBAL LIMITED

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

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### RESPONSE TO SGX-ST QUERIES – CLARIFICATION IN RESPECT OF THE ANNOUNCEMENT DATED 29 MAY 2019 ENTITLED “INDEPENDENT AUDITOR’S COMMENTS ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018” (THE “29 MAY 2019 ANNOUNCEMENT”)

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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 29 May 2019 Announcement:

#### **SGX-ST’s Queries**

The 29 May 2019 Announcement stated amongst others that:- *“the Company’s independent auditor, Crowe Horwath First Trust LLP, had, without qualifying its audit opinion, included in the Independent Auditor’s Report a material uncertainty related to going concern and an emphasis of matter in the audited financial statements of the Group for the financial period from 1 July 2017 to 31 December 2018.”*

Please release a clarification announcement via SGXNET addressing the queries below:

- a) the Board of Directors’ assessment of the Group’s ability to continue operating as a going concern and the bases for the said assessment;
- b) the Board of Directors’ opinion as to whether trading of the Company’s shares should be suspended pursuant to Listing Rule 1303(3); and
- c) the Board of Directors’ confirmation as to whether sufficient information has been disclosed to enable trading of the Company’s shares to continue in an orderly manner and the bases for its views.

#### **Company’s response**

- a) The Board of Directors is of the opinion that the Group will be able to continue operating as a going concern for the following reasons:
  - i) the Group has implemented several cost-cutting initiatives and significant reductions in inventories were effected in the financial years ended 30 June 2016 and 30 June 2017, and the 18-month period ended 31 December 2018;
  - ii) the Group had concluded its lease arrangement with its previous landlord (please refer to the Company’s announcement dated 5 April 2018) and achieved a significant overall reduction in rental expenses by more than 40% monthly;
  - iii) barring any further deterioration of the oil and gas market, the Group is cautiously confident of generating sufficient operating cash flows to meet its working capital requirement needs, taking into consideration its current order book;
  - iv) the Group has the option of divesting its investment properties as and when required;
  - v) as announced by the Company on 7 May 2019, the Company had on 6 May 2019 obtained formal written bank confirmation for an extension of 24 months for a loan amounting to S\$13.9 million. The banks have also agreed to reduce the Group’s monthly repayment by more than 50%. Although the final bullet payment to be made

by the Group will increase, the reduction in the monthly repayment amount will support the recovery of the Group's position. In addition, the Group's main bankers had, on 15 May 2019, granted formal waivers for certain breaches of financial covenants; and

- vi) the Company's shareholders, Tan Tock Han and Tan Kheng Kuan, have provided a letter confirming that they are willing, and undertake to provide continuing financial support to the Group to enable it to operate as a going concern and also to enable it to meet its obligations for at least 18 months from 30 June 2018. Such financial support shall include not drawing or drawing partial salaries should the Group not have sufficient funds to pay its creditors in full.
- b) Based on the above, the Board of Directors is of the view that the Group and the Company will be able to continue as a going concern, and therefore, trading in the Company's shares should not be suspended.
- c) To the best of its knowledge and belief, the Board of Directors is of the opinion that sufficient information has been disclosed for trading of the Company's shares to continue in an orderly manner. The basis for the Board's view is that, to the best of its knowledge and belief, all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders of the Company are advised to read the Independent Auditors' Report and the audited financial statements of the Group for the financial period from 1 July 2017 to 31 December 2018 in the Company's Annual Report, which will be despatched to the Shareholders in due course.

In the meantime, the Board wishes to advise Shareholders and potential investors to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Tan Kheng Kuan  
Chief Executive Officer  
4 June 2019