



KTL GLOBAL LIMITED

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

PROPOSED ISSUE OF S\$5,350,050 CONVERTIBLE BONDS DUE 2024

1. INTRODUCTION

The Directors of KTL Global Limited (the “**Company**”) wish to announce that the Company has on 4 March 2019 entered into a subscription agreement (the “**Subscription Agreement**”) with Zhong Jian Wu Lian (Beijing) Company Limited (the “**Subscriber**”), pursuant to which the Subscriber has agreed to subscribe for zero coupon convertible bonds (the “**Bonds**”) aggregating S\$5,350,050 due 2024 (the “**Bond Issue**”), which are convertible into new ordinary shares in the capital of the Company (the “**New Shares**”).

2. SALIENT TERMS OF THE BONDS

The salient terms of the Bonds are summarised as follows:

Principal amount	: S\$5,350,050.
Issue Price	: 95 per cent. of the principal amount of the Bonds.
Maturity Date	: The date falling on the fifth anniversary of the date of issue of the Bonds.
Interest	: The Bonds shall not be interest-bearing.
Form and denomination	: The Bonds will be issued in registered form in the denomination of S\$10,000 or integral multiples thereof.
Transfer	: The Bonds are transferable only with the prior written consent of the Company (such consent not to be unreasonably withheld) and on the terms and conditions of the Subscription Agreement.
Conversion Price	: The price, at which each New Share shall be issued upon conversion shall be S\$0.03963 per New Share, which represents a discount of approximately 17.4% to the prevailing market price, being the volume-weighted average price of S\$0.048 of each Share, based on trades done on the Singapore Exchange Securities Trading Limited (the “ SGX-ST ”) on 1 March 2019, being the last full market day on which trades of the Shares were done prior to signing of the Subscription Agreement.

Conversion Period	: The Bonds shall not be convertible by the Subscriber within the first year from the date of the issue of the Bonds (the “Non-Conversion Period”). After the Non-Conversion Period and until fifteen (15) days prior to the Maturity Date (both dates inclusive) (the “Conversion Period”), the Subscriber shall have the right to give notice to the Company to convert all or part only of the Bonds, and if in parts, in tranches of S\$100,000 at 100% of the principal value of the Bonds registered in its name into fully paid Shares at the Conversion Price. If the Bonds are not fully converted by the end of the Conversion Period, the Company shall redeem the outstanding Bonds at 100% of the principal value.
Status of the Bonds	: The Bonds constitute and will at all times constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank <i>pari passu</i> among themselves and with all other present and future unsecured and unsubordinated obligations of the Company but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Status of the New Shares	: The New Shares when issued, will not be subject to any pre-emptive rights of the shareholders of the Company (the “Shareholders”), and will be free from encumbrance and when allotted will be validly issued and credited as Shares in the capital of the Company which are not subject to further call and shall rank <i>pari passu</i> with the other issued Shares of the Company.
Adjustment Events	: The Conversion Price and the number of New Shares into which the Bonds can be converted shall from time to time be adjusted as provided in the conditions of the Bonds. Such circumstances include consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues and certain capital distributions. Any such adjustments shall (unless otherwise provided under the Listing Manual from time to time) be announced by the Company on the SGXNET.
Redemption on Maturity	: Unless previously redeemed or converted, the Company shall redeem all outstanding Bonds on the Maturity Date at 100% of the principal value of the Bonds.

Alteration to Terms	: Any material alteration to the terms of the Bonds after the issue thereof to the advantage of the Subscriber and prejudicial to the Shareholders must be approved by the Shareholders in general meeting, except where the alterations are made pursuant to the terms of the Bonds.
Further Issues	: The Company shall be at liberty from time to time to create and issue shares in the capital of the Company and to issue further bonds or other convertible instruments.
Notice of Expiration	: The Company shall, not later than one (1) month before the last day of the Conversion Period (the “ Bonds Expiration Date ”), give notice to the Subscriber in accordance with the terms and Conditions of the Bonds, and announce the Bonds Expiration Date on the SGXNET.
Winding-Up	: If an order is made or a resolution is passed for the winding up, dissolution or receivership of the Company, the Subscriber, may by notice to the Company either: (a) request the Company to redeem all its Bonds, whereupon the Company shall within seven (7) days of the Subscriber's notice, redeem all the Subscriber's Bonds at 100% of the principal amount of the Bonds outstanding; (b) exercise the right of conversion in accordance with the terms and conditions of the Bonds except that the Non-Conversion Period shall not apply in respect of 100% of the principal amount of the Bonds outstanding; or (c) redeem such part of its Bonds in accordance with the terms and conditions of the Bonds and convert such part of its Bonds in accordance with the terms and conditions of the Bonds, provided that the parts to be redeemed and converted shall amount to all of the Subscriber's Bonds then outstanding.

3. USE OF PROCEEDS FROM THE BOND ISSUE

The estimated net proceeds from the Bond Issue (after deducting the estimated expenses in relation to the Bond Issue) of approximately S\$5,280,000 will be utilised by the Company and its subsidiaries (the “**Group**”) for (i) the Group's growth and expansion, and (ii) for general working capital purposes:

Use of Proceeds	Allocation (%)
Group's growth and expansion	80
General working capital purposes	20

Pending the deployment of the net proceeds, such proceeds may be placed as deposits with banks and/or financial institutions, invested in short term money markets or debt instruments or for any other purpose on a short-term basis as the Directors may, in their absolute discretion, deem fit from time to time.

The Company will make periodic announcements on the utilisation of proceeds from the Bond Issue as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

4. INFORMATION ON THE SUBSCRIBER

Zhong Jian Wu Lian (Beijing) Company Limited

The Subscriber is a company incorporated in the People's Republic of China and is primarily engaged in the business of investment holding.

The Subscriber was identified through various contacts, referrals and mutual business associates of the Subscriber whom the Company had initially liaised with respect to the Bond Issue. The Company's rationale for placing to the Subscriber is that the Bond Issue is strategic and could provide further opportunities for strategic alliances and/or business relationships between the Subscriber and the Company. In addition, the Company has also decided to undertake the Bond Issue to strengthen the Group's financial position and flexibility to capitalise on growth opportunities.

The Subscriber has represented and warranted to the Company that it is not acting in concert, in collaboration with or co-operating, pursuant to an agreement or undertaking (whether formal or informal), with any existing director or shareholder of the Company, to obtain or consolidate effective control of the Company through the issue of the Bonds and/or the New Shares (including as contemplated in the Singapore Code on Take-overs and Mergers).

The Subscriber has no existing connection (including business relationships) with the Company, its Directors and substantial shareholders, and is not a person to whom the Company is prohibited from issuing shares to, as provided under Rule 812 of the Listing Manual of the SGX-ST.

5. SPECIFIC MANDATE FOR THE ISSUE OF THE NEW SHARES

The conversion of the Bonds would result in the issue of a maximum of 135,000,000 New Shares, representing 29.96% of the enlarged issued and paid-up share capital of the Company (subject to adjustment in the event of changes in the capitalisation structure of the Company and on the assumption that all 135,000,000 New Shares are issued). The terms and conditions of the Bonds provide for adjustment to the Conversion Price in the event of rights or other capitalisation issues.

The Company currently has in place a general mandate (the "**General Mandate**") approved by the Shareholders by way of resolution at the annual general meeting of the Company held on 23 October 2017 (the "**Previous AGM**"), which authorised the Directors to allot and issue shares in the Company at any time and from time to time thereafter to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to such resolution does not exceed fifty per cent (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company at the time of the resolution shall not exceed twenty per cent (20%) of the issued share capital of the Company.

As at the date of the Previous AGM, the Company had an issued and paid-up share capital of S\$37,713,920.88 divided into 240,610,273 Shares. According to the terms of the general mandate,

the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders shall not exceed 48,122,054 Shares.

On 23 November 2018, the Company announced that it completed the placement of 47,000,000 Shares to Changsheng Investment Development Limited for which it utilised the General Mandate. As a result, the balance shares that can still be issued under the General Mandate are 1,122,054 Shares.

In view of the above, the allotment and issue of the New Shares exceeds the limits of the General Mandate and the Company intends to seek Shareholders' approval for the issue and allotment of the New Shares at an extraordinary general meeting (the "**EGM**") of the Company to be convened.

6. FINANCIAL EFFECTS

- 6.1 The financial effects of the full conversion of the Bonds on the net tangible asset and earnings per share of the Group for the financial year ended 31 December 2018 are set out in the table below:

	Before the full conversion of the Bonds ⁽¹⁾	After the full conversion of the Bonds ⁽²⁾
Net Tangible Asset per Share ("NTA")	(4.97) cents	(2.31) cents
Earnings per Share ("EPS")	(5.75) cents	(4.03) cents

Notes:

- (1) Based on 315,669,019 Shares as at 31 December 2018.
- (2) Based on 450,669,019 Shares after the issuance of the 135,000,000 New Shares.
- 6.2 The aforesaid financial effects of the full conversion of the Bonds are strictly for illustrative purposes and may not necessarily reflect the actual future financial position and results of the Group following the full conversion of the Bonds.

For the purposes of illustrating the financial effects of the full conversion of the Bonds, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (i) the financial effects of the full conversion of the Bonds on the NTA of the Group are computed assuming that the full conversion of the Bonds had taken place on 31 December 2018;
- (ii) the financial effects of the full conversion of the Bonds on the earnings and EPS of the Group are computed assuming that the full conversion of the Bonds had been completed on 1 July 2017; and
- (iii) the expenses in connection with the full conversion of the Bonds are disregarded for the purposes of calculating the financial effects.

7. GENERAL

- 7.1 The Bond Issue will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.
- 7.2 None of the Directors or substantial shareholders of the Company or their respective associates have any interest, direct or indirect in the Bond Issue, save for their shareholdings in the Company (if any).

- 7.3 The Company will apply to the SGX-ST for the admission to and listing and quotation of the New Shares on the SGX-ST. The Company will make the necessary announcements upon receipt of the approval in-principle from the SGX-ST for the listing and quotation of the New Shares.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal business hours at the Company's registered office at 7 Gul Road, Singapore 629364.

9. SHAREHOLDERS' APPROVAL

The Company intends to convene an EGM to seek the approval of the Shareholders for the issue of the New Shares. A circular to the Shareholders containing, *inter alia*, the notice of the EGM and details of the abovementioned transactions will be despatched to the Shareholders in due course.

10. DIRECTORS' OPINION

The Directors are of the opinion that, barring any unforeseen circumstances:

- (a) after taking into account the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) after taking into account the present bank facilities and net proceeds of the securities issue stated herein, the working capital of the Group is sufficient to meet its present requirements.

Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Bond Issue stated herein will enable the Group to improve its financial position by increasing the cash available for general corporate requirements.

11. CONFIRMATION FROM THE COMPANY

The Company confirms that no transfer of a controlling interest in the Company within the meaning of Rule 803 of the Listing Manual of the SGX-ST will arise from the allotment and issue of the New Shares by the Company to the Subscriber.

12. 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 Bond Issue, 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.

13. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Bond Issue is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Bond Issue 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.

BY ORDER OF THE BOARD

Tan Kheng Kuan
Chief Executive Officer

4 March 2019