



立德集团有限公司  
**KTMG LIMITED**

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ANNUAL REPORT 2023



**Evolving**

Our Way Forward

# EVOLVING OUR WAY FORWARD

**KTMG** recognises the importance of constantly evolving to stay ahead of the competition in a dynamic market environment. Embracing a progressive mindset will differentiate us from competitors as we uncover new avenues of growth through innovative products and new technologies to expand our revenue and market presence. We stay updated with the changes in consumer preferences and fashion trends to adapt to market demands and seize new opportunities.

Our efforts have resulted in the Group expanding our customer base beyond the traditional customer segment, which primarily focused on casual wear, loungewear, and pyjamas, entering the flourishing athleisure market. This strategic expansion represents a significant accomplishment for the Group, with our first international athleisure customer secured during the year, marking the beginning of a promising journey toward growing our presence in this segment.

**KTMG** will continue to ride the waves of change, guided by visionary leadership and long-term strategies. We are ready to **capture new opportunities** and chart a course for **sustained growth**.



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This Annual Report has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms. Charmian Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

## OUR VISION, MISSION AND CORE VALUES

### OUR MISSION :: 企业使命

We are dedicated to creating responsible apparel, weaving a better future for all, globally.

独衣无二，造服全球

### OUR VISION :: 企业愿景

To be a world-class vertically integrated athleisure wear manufacturer

成为世界级的运动服饰企业

### OUR CORE VALUES :: 企业核心价值观

Customer's interest is our top priority  
客户价值第一

Change is the only constant  
唯一不变的是变化

Simplicity  
化繁为简

No excuses, no mistake and no wastage  
不找借口，不出错，不浪费

The best performance today is the minimum requirement of tomorrow  
今天最好的表现是明天最低的要求

Attitude determines altitude  
态度决定高度

Be consistent  
执行一致性

**TEAM.** Together everyone achieves more  
团队合作，才能得到更多





## AT A **GLANCE**



立德集团有限公司  
**KTMG LIMITED**

### **CORPORATE PROFILE**

KTMG Limited (“**KTMG**” and together with its subsidiaries, the “**Group**”) is an integrated textile and apparel manufacturer.

KTMG is a contract manufacturer of apparel specialising in athleisure wear, casual wear, loungewear, and pyjamas for various ages, with facilities in Malaysia and Cambodia. The Group manufactures apparel for retailers in the United Kingdom, United States, European Union, and Canada, who then sell apparel products under their own brands. The Group has a co-creation business model through which it collaborates closely with its customers during the product initiation process, thereby offering customers a one-stop value-added platform.

KTMG also expanded upstream into the knitting, dyeing, and finishing of fabric, with its own textile manufacturing facility in Johor, Malaysia.

### **CO-CREATION BUSINESS MODEL**



#### **CUSTOMERS' NEEDS**

Addressing customers' needs by identifying and anticipating fashion trends, market direction and consumer preferences to develop products in accordance with customers' requirements



#### **COLLABORATION**

Working closely with customers in product initiation, conceptualisation & design, raw material development, prototype making and finalising product specifications for manufacturing



#### **VALUE-ADDED PLATFORM**

Providing a one-stop value-added platform to customers in an efficient and cost-effective manner, i.e. producing the right product at the right time and at the right cost

# AT A **GLANCE**



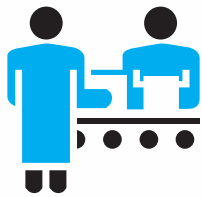

**APPAREL MANUFACTURING FACILITY**

FY2023 Total Production	<b>23.3</b> million pieces
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**TEXTILE MANUFACTURING FACILITY**

FY2023 Total Production	<b>2.2</b> million kg
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AT A **GLANCE**PRODUCTION  
**LINES****42**  
apparelMANUFACTURING  
**FACILITIES****3** apparel  
**1** textileTOTAL **EMPLOYEES**

(As at 31 December 2023)

**145** textile**2,165** apparel

## CORPORATE MILESTONES

# 1988

Establishment of an apparel manufacturing business by Mr Lim Siau Hing and his wife in a shop house in Batu Pahat

# 1998

Expansion of operations to a bigger manufacturing facility in Batu Pahat

# 2006

Further expansion and relocation to current corporate headquarters and flagship manufacturing facility at Kawasan Perindustrian Sri Gading, Batu Pahat



# 2009

Adoption of Co-Creation Business Model

# 2011

Establishment of first overseas apparel manufacturing facility, Moon Apparel (Cambodia) Co. Ltd, in Phnom Penh

# 2013

Establishment of Callisto Apparel (Cambodia) Co. Ltd, our second apparel manufacturing facility in Phnom Penh



# 2019

Listing on the Catalist Board of the Singapore Exchange.

Commencement of operations of KTMG's first textile manufacturing facility in Batu Pahat

# 2021

Installation of rooftop solar photovoltaic panels at our apparel and textile manufacturing facilities in Batu Pahat

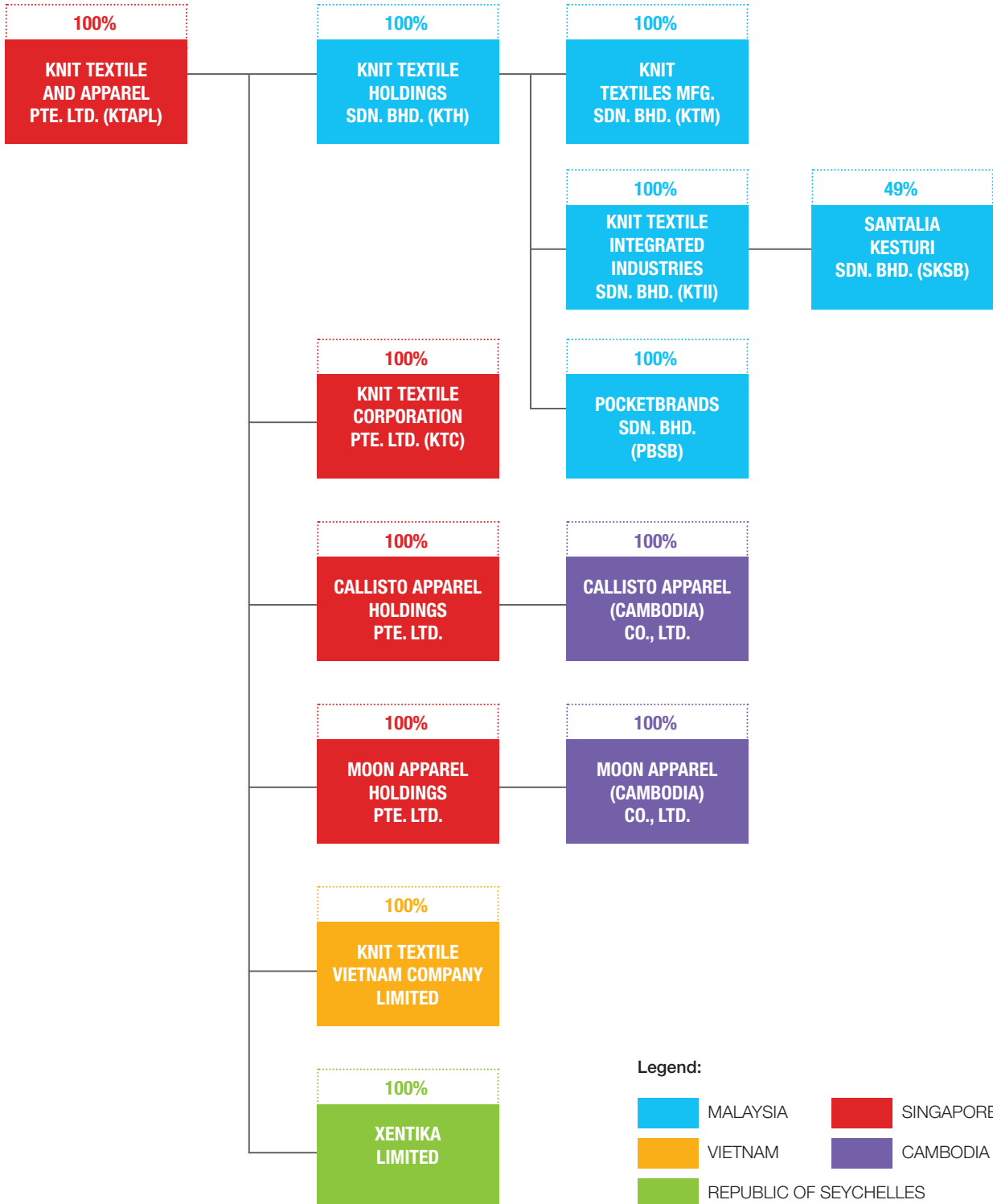
# 2022

Establishment of a sourcing office in Ho Chi Minh City, Vietnam





# GROUP STRUCTURE





## GROUP PROPERTIES

As at the date of this Annual Report, KTMG owns 100% of the following properties in Malaysia.

### Location: Batu Pahat, Johor

Description	Land Area (sq. m)	Tenure	Expiry Date	Book Value as at 31/12/2023 (S\$'000) <sup>1</sup>	Open Market Valuation <sup>2</sup> (S\$'000) <sup>1</sup> Valuation Date: 31/12/2023
Industrial land with manufacturing factory	14,630 (Land area)	Leasehold 60 years	28-Aug-67	924	5,026
Industrial land with manufacturing factory	7,955 (Land area)	Leasehold 60 years	28-Aug-67	1,116	2,987
Industrial land	8,684.6 (Land area)	Leasehold 60 years	24-Jan-67	360	1,350
Industrial land	4,046.90 (Land area)	Leasehold 60 years	6-Apr-40	239	263
Industrial land with manufacturing factory	17,498 (Land area)	Freehold	-	5,948	6,749
Industrial land	6,829 (Land area)	Freehold	-	383	431
Industrial land	7,841 (Land area)	Freehold	-	440	488
Commercial shop lot	42.5 (Built-up area)	Freehold	-	48	7

### Location: Simpang Renggam, Johor

Description	Land Area (sq. m)	Tenure	Expiry Date	Book Value as at 31/12/2023 (S\$'000) <sup>1</sup>	Open Market Valuation <sup>2</sup> (S\$'000) <sup>1</sup> Valuation Date: 31/12/2023
Commercial shop lot	418.1 (Land area)	Freehold	-	92	205

#### Notes:

- Exchange rate: MYR 1 = SGD 0.29
- The valuation was conducted by Messrs Nawawi Tie Leung Property Consultants Sdn. Bhd. in accordance with the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia and also in accordance with SFRS(I)/IFRS 13 Fair Value Measurement. Further details of which can be found in Note 3 of Notes to the Financial Statements.

## MESSAGE TO SHAREHOLDERS



“As we forge ahead, we intend to stay at the forefront of change, delivering products and services that consistently exceed expectations in an ever-evolving market landscape.”

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are pleased to present the Annual Report of KTMG Limited (“**KTMG**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) for the financial year ended 31 December 2023 (“**FY2023**”).

FY2023 proved to be another demanding year, with global growth remaining sluggish amidst heightened geopolitical tensions, economic uncertainties, elevated interest rates, and inflationary pressures. These multifaceted factors dampened consumer demand and impeded global trade.

Over the past few years, we have strategically invested in laying a solid foundation for future growth. Our early adoption of automation and new technologies has positioned us well to adapt to the changing trends and meet the demands of our industry and customers. The lean manufacturing methodologies, alongside the adoption of General Sewing Data (GSD) software in the previous year, have facilitated the seamless integration of

all stages of our manufacturing processes. This integration has enabled us to track and monitor our entire manufacturing workflow accurately and promptly. As a result, we reduced product turnaround times, enhancing overall operational efficiency.

With these advancements, we have successfully broadened our customer base beyond the traditional customer segment, comprising casual wear, loungewear, and pyjamas, venturing into the thriving athleisure market. This strategic move marks a significant milestone for the Group, with our first international athleisure customer secured in the United States (“**US**”), cementing our foothold in this growing segment. Although we faced initial challenges, we have effectively demonstrated our worth and capabilities, leading to a steady increase in recurring orders from the new athleisure customer. This achievement highlights our unwavering commitment to excellence and relentless pursuit of success in the global market.

# MESSAGE TO SHAREHOLDERS

## FINANCIAL HIGHLIGHTS

For FY2023, the Group recorded revenue of S\$88.7 million, a 16.5% decrease year-on-year. This decline was primarily due to lower apparel orders placed by existing customers in the United Kingdom, Canada, and Europe, resulting in geographical revenues for these regions dropping by S\$13.4 million, S\$7.4 million, and S\$2.7 million, respectively, impacted by weakened consumer demand as the purchasing power of consumers declined as a result of rising inflation and interest rates, particularly in the first half of 2023 ("1H2023"). Nevertheless, the decrease was partially offset by an increase in revenue contribution from the US attributable to sales from the recently secured athleisure customer in the US.

Gross profit margin narrowed by 6.1 percentage points from 15.2% in FY2022 to 9.1% in FY2023 as the Group's performance was affected by a lower revenue generated in 1H2023, which resulted in diseconomies of scale and significant initial one-off costs incurred to fulfil a substantial maiden order from the new athleisure customer with a tight delivery schedule during the financial year. Due to the tight delivery schedule, the Group experienced higher salaries, production-related costs, and freight and delivery charges on the order concerned. Consequently, the Group recorded a net loss attributable to shareholders of S\$2.0 million in FY2023.

## THE WAY FORWARD

As we look ahead, the Group is cautiously optimistic of an improved outlook, with a potential rebound in consumer demand. With a firm order book secured for the first half of 2024, we will persist in enhancing operational efficiencies and implementing cost rationalisation measures while exercising financial prudence, all in our concerted effort to improve our top line and profitability.

We remain steadfast in our commitment to ongoing skill development and adopting cutting-edge technologies, building upon the foundations established in lean manufacturing, General Sewing Data software, and automation in recent years, to continuously improve our manufacturing and work processes to achieve maximum operational efficiencies. At the same time, we aim to increase cost efficiency by consolidating and rationalising our supplier network, simplifying supplier management processes for greater efficiency and better control over material costs and quality standards.

As we forge ahead, we intend to stay at the forefront of change, delivering products and services that consistently exceed expectations in an ever-evolving market landscape. We are committed to maintaining our status as the preferred manufacturer, particularly for the renowned international apparel brands we have recently secured. We will prioritise timely and efficient fulfilment of our order book to ensure we meet customer

requirements, guaranteeing their satisfaction. In line with our strategic shift to grow the athleisure segment, we will intensify our marketing efforts to secure partnerships with more renowned international athleisure brands to strengthen our customer base. Additionally, we will actively pursue new customers in our existing and new geographical markets to boost our order book.

Looking ahead, we anticipate the ongoing volatility and a less predictable environment to persist. We will maintain a prudent approach as we pursue and evaluate opportunities while continuing to evolve to expand our business and operations. To strengthen our production capabilities and strategically position the Group to capitalise on growth opportunities once business sentiment improves, we plan to look for additional manufacturing partnerships with carefully selected apparel manufacturers in Vietnam. During the year, we expanded downstream with the establishment of a subsidiary in Malaysia to manage women's apparel retail operations under our own brands. As we embark on this new venture, we will closely monitor its progress, especially during the initial stages of our expansion.

## APPRECIATION

On behalf of the Board, we would like to express our sincere gratitude to the management and staff for their efforts and hard work over the past year. Our appreciation also goes to our fellow Board members for contributing their invaluable time and expertise.

Mr Yap Boh Pin and Mr Goh Yeow Tin, having served on the Board of Directors since 1 April 2004 and 1 October 2007, respectively, have indicated that they will retire at the forthcoming Annual General Meeting. On behalf of the Board, we thank them for their invaluable guidance and contributions to the Group and wish them every success in their future endeavours.

The Board is proposing the appointment of Mr Ooi Jit Huat and Mr Lau Ping as Independent Directors at the forthcoming Annual General Meeting. With their diverse expertise and experience, we are confident that they will contribute invaluable insights to our Group.

Lastly, we would also like to thank our shareholders, business partners, and customers for your confidence in us. With your support, we look forward to sharing more successes in the year ahead.

**Lim Siau Hing**  
*Executive Chairman*

**Damien Lim Vhe Kai**  
*Executive Director and Chief Executive Officer*



## BOARD OF DIRECTORS



1. **MR. LIM SIAU HING**  
Executive Chairman
2. **MR. DAMIEN LIM VHE KAI**  
Executive Director and Chief Executive Officer
3. **MR. GOH YEOW TIN**  
Non-Executive and Lead Independent Director
4. **MR. YAP BOH PIN**  
Non-Executive and Independent Director
5. **MR. KOH BOON HUAT**  
Non-Executive and Independent Director

## DIRECTORS' PROFILE

### MR. LIM SIAU HING

Executive Chairman

Mr. Lim Siau Hing has over 50 years of experience in apparel and textile manufacturing. He is the co-founder of Knit Textiles Industries Sdn. Bhd., a fabric knitting factory, which eventually paved the way for the establishment of Knit Textiles Mfg. Sdn. Bhd. ("KTM") in 1988. He currently serves as Executive Chairman of the Group and is responsible for overseeing the Group's business direction and overall strategy.

Mr. Lim began his career in 1969 as a supervisor in a yarn factory in Taiwan. In 1970, he joined Oriental Industries Private Limited in Singapore as a production manager, where he oversaw the production of synthetic fiber. In 1974, he became a production manager with Syntex Industries Sdn. Bhd. in Malacca.

In 1977, together with a few business partners, Mr. Lim set up Minat Industries Sdn. Bhd., a fabric dyeing factory in Batu Pahat, Malaysia, where he served as a director. In 1981, Mr. Lim left the partnership and founded Knit Textiles Industries Sdn. Bhd. with his wife.

#### Board Committee(s) served on:

Nil

#### Date of first appointment:

18 February 2019

#### Last re-elected:

28 April 2022

#### Academic and Professional Qualifications:

Diploma in Textile Engineering,  
Feng Jia College, Taiwan (1969)

#### Listed Company directorships and other principal commitments:

- Knit Textile & Apparel Pte. Ltd.
- Knit Textile Holdings Sdn. Bhd.
- Moon Apparel Holdings Pte. Ltd.
- Callisto Apparel Holdings Pte. Ltd.
- Knit Textile Corporation Pte. Ltd.
- Knit Textiles Mfg. Sdn. Bhd.
- Knit Textile Integrated Industries Sdn. Bhd.
- Santalia Kesturi Sdn. Bhd.
- Pocketbrands Sdn. Bhd.

### MR. DAMIEN LIM VHE KAI

Executive Director and Chief Executive Officer

Mr. Damien Lim has over 20 years of experience in the apparel manufacturing sector. He currently serves as Executive Director and Chief Executive Officer of the Group and oversees the Group's operations. Mr. Damien Lim is responsible for setting the Group's strategic direction and executing its business strategy.

Mr. Damien Lim began his career as an information technology ("IT") professional upon graduating from his university studies in Canada. Mr. Damien Lim was involved in the planning and implementation of a nationwide customer management system for Telekom Malaysia from 1997 to 1999. In 2000, he joined e-Komoditi.com Sdn. Bhd., an online procurement platform, where he helped to design and set up data centres for the platform in collaboration with Motorola Inc. Mr. Damien Lim was also a Group Network Security consultant for RHB banking group in 2001, where he was responsible in assessing the group's online banking system, its network vulnerabilities and provided technical consultancy on its data center and network infrastructure.

Mr. Damien Lim joined KTM in August 2002 to help his father, Mr. Lim Siau Hing, in the family business.

#### Board Committee(s) served on:

Nil

#### Date of first appointment:

18 February 2019

#### Last re-elected:

27 April 2023

#### Academic and Professional Qualifications:

Bachelor of Science, Computer Information Systems (Hons), University of Windsor (1997)

#### Listed Company directorships and other principal commitments:

- Knit Textile Corporation Pte. Ltd.
- Knit Textiles Mfg. Sdn. Bhd.
- Knit Textile Integrated Industries Sdn. Bhd.
- Knit Textile Vietnam Company Limited
- Moon Apparel (Cambodia) Co., Ltd.
- Callisto Apparel (Cambodia) Co., Ltd.
- Vertical Delta Sdn. Bhd.
- Xentika Limited
- Pocketbrands Sdn. Bhd.

## DIRECTORS' PROFILE

### MR. GOH YEOW TIN

Non-Executive and  
Lead Independent Director

Mr. Goh Yeow Tin is currently the Non-Executive Chairman of Seacare Foundation Pte. Ltd. and Seacare Manpower Pte. Ltd. He began his career in September 1979 with the Economic Development Board ("EDB") where he headed the Local Industries Unit and was subsequently appointed a director of EDB's Automation Applications Centre in 1983.

Mr. Goh also served as the deputy managing director of Tonhow Industries Ltd, the first SESDAQ listed plastic injection moulding company, from 1991 to 1993. He was also the vice president of Times Publishing Ltd. from 1996 to 2006, overseeing the group's retail and distribution businesses.

Mr. Goh was also the founding member of the Association of Small and Medium Enterprise. He also founded International Franchise Pte. Ltd., a pioneer in the franchising business in Singapore in 1986. He is a member of the Singapore Institute of Directors. He also served as Independent Director of AsiaPhos Limited. His past directorships include Sheng Siong Group Ltd, Vicom Limited and Taka Jewellery Holdings Limited.

In recognition of his many years of social and community services, Mr. Goh was awarded the Public Service Star (Bar) in 2015 and was appointed a Justice of the Peace in September 2015.

#### Board Committee(s) served on:

- Nominating Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)

#### Date of first appointment:

1 October 2007

#### Last re-appointed:

27 April 2023

#### Academic and Professional Qualifications:

- Bachelor's Degree in Mechanical Engineering (Honours), University of Singapore (1975)
- Master's Degree in Industrial Engineering and Management, Asian Institute of Technology (1979)

#### Listed Company directorships and other principal commitments:

- AsiaPhos Limited
- Seacare Foundation Pte. Ltd.
- Seacare Manpower Services Pte. Ltd.
- Seacare Medical Holdings Pte. Ltd.
- Seacare Okiki P-Hub (S) Pte. Ltd.
- Global Resources & Consultants Pte. Ltd.
- Burgundy Investments Holdings Pte. Ltd.

### MR. YAP BOH PIN

Non-Executive and  
Independent Director

Mr. Yap Boh Pin is currently the managing director of B.P.Y. Private Limited, a firm of management consultants which provides financial planning, financial accounting, reviewing internal control systems as well as corporate secretarial services. Between July 1975 and January 1999, he was a senior partner at Yap Boh Pin & Co, which provided advice on auditing, taxation, liquidation and corporate restructuring matters.

Mr. Yap is currently a director of Overseas Realty (Ceylon) PLC, a public listed company in Sri Lanka. Additionally, Mr. Yap has also held directorships in various public companies between 1975 and 2000, including Singapore Land Limited, L&M Investments Limited and Pan Pacific Public Company Limited. During his appointment at these companies, Mr. Yap was a member of the Executive Committee and/or Audit Committee, assisting in the evaluation and recommendation of changes to their system of internal controls as well as corporate governance.

Beyond the corporate sector, Mr. Yap is actively involved in various non-profit, educational and social welfare organisations. He is an honorary council member of the Singapore Hokkien Huay Kuan. In January 2008, Mr. Yap was appointed as Director at ACS (International) and Chairman of the Finance Committee. He was also a member of the Board of Trustees and Audit Committee of the Chinese Development Assistance Council from 2006 to 2018. He also held the posts of Chairman, Finance Committee and Honorary Treasurer of Singapore Heart Foundation from 2009 to 2013.

#### Board Committee(s) served on:

- Audit Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

#### Date of first appointment:

1 April 2004

#### Last re-elected:

30 April 2021

#### Academic and Professional Qualifications:

- Chartered Accountant (Associate) of the Institute of Chartered Accountant in England and Wales (1966)
- Chartered Accountant (Fellow) of the Institute of Chartered Accountant in England and Wales (1997)
- Chartered Accountant (Fellow) of the Institute of Singapore Chartered Accountants (2005)

#### Listed Company directorships and other principal commitments:

- B.P.Y. Private Limited
- Overseas Realty (Ceylon) PLC

### MR. KOH BOON HUAT

Non-Executive and  
Independent Director

Mr. Koh Boon Huat has over 40 years of experience in the banking and finance sector. He has extensive knowledge and expertise in banking operations, credit and marketing, compliance, collections and recovery.

He commenced his career in 1974 as a clerk in Malayan Banking Berhad, Batu Pahat. Mr. Koh later served as an officer of Arab-Malaysian Finance Bhd. at Batu Pahat in 1985, before joining First Malaysia Finance Berhad (Batu Pahat) in 1988 as a credit officer. He subsequently joined MBF Finance Berhad (Pontian) in 1991 and MBF Finance Berhad (Batu Pahat) in 1993 as Branch Manager. Between 1995 and 1996, Mr. Koh was the executive assistant to the managing director of S.P.I. Holdings Sdn. Bhd., and resumed his service within the banking industry in 1997 as Branch Manager for Oriental Bank Berhad at Batu Berendam. He subsequently served as Branch Manager for Phileo Allied Bank Berhad at Batu Pahat from 1997 to 2001.

In 2001, Mr. Koh was the branch manager of United Overseas Bank (Malaysia) Berhad at Kluang, Johor, and from 2002 to 2008, he served as Branch Manager of United Overseas Bank (Malaysia) Berhad at Batu Pahat. He last held the position of Area Manager with United Overseas Bank (Malaysia) Berhad, South Area Centre from November 2008 to June 2016, where he was responsible in managing eight branches in Johor and Melaka with a staff force of over 400 employees.

Additionally, Mr Koh was a committee member of Johor State Asian Institute of Chartered Bankers Advisory Council between August 2011 and June 2016.

#### Board Committee(s) served on:

- Remuneration Committee (Chairman)
- Audit Committee (Member)
- Nominating Committee (Member)

#### Date of first appointment:

18 February 2019

#### Last re-appointed:

28 April 2022

#### Academic and Professional Qualifications:

- Diploma in Management, Malaysian Institute of Management (1998)
- Degree in Management (Honours), Multimedia University (2006)



## KEY EXECUTIVES



**MR. BONG WEE KHONG**  
Chief Financial Officer

Mr. Bong Wee Khong has more than 20 years of experience in audit, accounts, corporate finance and business operations. He started his career with a big 4 accounting firm and subsequently joined the finance and administration department of companies in Malaysia, including companies listed on the Main Market of Bursa Malaysia. Since 2013, Mr Bong held senior management positions in corporations of various business backgrounds ranging from manufacturing, trading, property development, hospitality and asset management and he last held the position of Chief Operating Officer of a subsidiary of a public-listed company in Main Market of Bursa Malaysia.

Mr. Bong holds a Bachelor of Arts degree double majoring in Accounting & Financial Management and Economics from the University of Sheffield, United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants (ACCA) and a member of Malaysian Institute of Accountants (MIA).



**MR. CHEW CHONG KIAT**  
Chief Operating Officer

Mr. Chew Chong Kiat is responsible for the day-to-day operations of the Group, overseeing the human resource, administration, IT and production departments. Mr. Chew has been with the Group since July 2002. Prior to his appointment as COO, he was the general manager of KTM.

Mr. Chew began his career as a credit control officer with Malpac Securities Sdn. Bhd. from March 1996 to December 1998. He then joined Wah Tat Bank Berhad as an operations officer in January 1999, before making a career switch and joining the education sector. In early January 2000, he was a lecturer of Economics at Taylor's College, Subang Jaya. From July 2000 to June 2002, he was a lecturer of Economics at Sepang Institute of Technology, Klang, Malaysia.

Mr. Chew holds a Bachelor of Arts degree from the University of Toronto, Canada, double majoring in Economics and Industrial Relations.

## OUR PEOPLE AND COMMUNITY

### PEOPLE DEVELOPMENT

People are our most valuable asset, and we recognise the need to nurture our existing talent pool. KTMG continues to provide opportunities for employees to maximise their potential and develop their talents and capabilities to contribute to the Group's success.

Recognising the integral role of training and learning in sustainable talent development, the KTMG Institute of Management ("KTMG Institute") consistently organised year-round programmes to enhance employees' skills and knowledge. As part of our commitment to developing leadership and management capabilities among our staff, KTMG Institute successfully implemented the following programmes during the year:

#### (a) Executive Leadership Programme

This programme, extended to 5 senior managers, aims to hone the leadership skills of experienced senior management, enabling them to navigate and lead in dynamic business environments.

#### (b) Management Programme (Foundation)

This programme, extended to 10 newly joined employees, serves as a foundational platform for individuals entering our Group, equipping them with essential managerial skills and insights.

#### (c) Management Programme (Intermediate)

Extended to 47 employees who graduated from the Management Programme (Foundation) the previous year, this intermediate-level programme builds on foundational

knowledge to further develop managerial competencies, ensuring a continuous and progressive learning journey.

#### (d) Management Programme for Business Partners

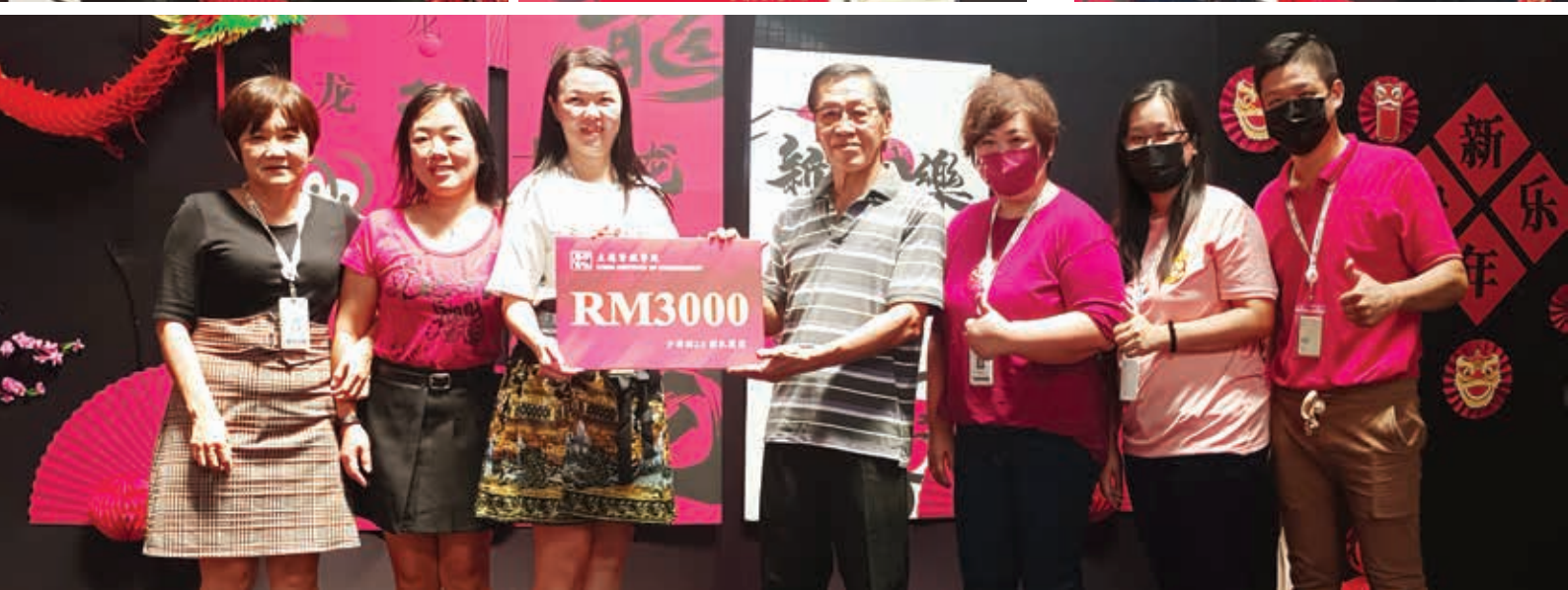
This programme, tailored specifically for business partners, focuses on enhancing and developing their managerial and leadership skills, ensuring the long-term sustainability of our partnership.

We are constantly seeking out promising individuals who show the potential to become future leaders within our organisation. Our mentorship programme plays a pivotal role in nurturing high-performing employees through executive coaching and regular engagement with senior management. Through this programme, our selected employees will benefit from personalised guidance and mentorship, paving the way for their career advancement and development within our Group.

Additionally, the capabilities and skills of our workers and employees are regularly upgraded to enhance productivity. In addition to on-the-job training, we regularly enrol our people in seminars and workshops to keep them updated with the latest developments relevant to their work.

We celebrated the accomplishments of our Executive Leadership and Management Programme participants with an award ceremony coinciding with the festive spirit of the Chinese New Year celebration.

We remain committed to investing in our people's personal and professional development. We firmly believe that their continuous growth serves as the catalyst propelling KTMG to greater heights.





# OUR PEOPLE AND COMMUNITY



## CARING FOR THE COMMUNITY

KTMG is committed to corporate social responsibility and giving back to the communities in which we operate. Throughout the year, our Group contributed towards worthy causes through several community outreach initiatives.

We organised a meaningful visit to the Orphan Care and Training Organisation located in Kampong Speu Province, Cambodia, where our team spent a day connecting with the children through various fun and engaging activities such as storytelling, singing, and even a talent show. Witnessing the children laugh and have a great time was heartwarming. In addition to enriching activities, we also contributed essential supplies to the children, including food, clothing, and school materials, to support their well-being and education.

We also continued to support the Don Bosco Technical School in Teuk Thla, Phnom Penh, Cambodia, donating garments to underprivileged students at the school.

Through these efforts, we hope to brighten the lives of less fortunate children by bringing them moments of happiness and joy. We are grateful that our employees share our philosophy, generosity, and passion for making a positive impact.

In the year ahead, we will continue to be active in the local communities and contribute to social causes that can improve lives and uplift the vulnerable and disadvantaged communities around us.

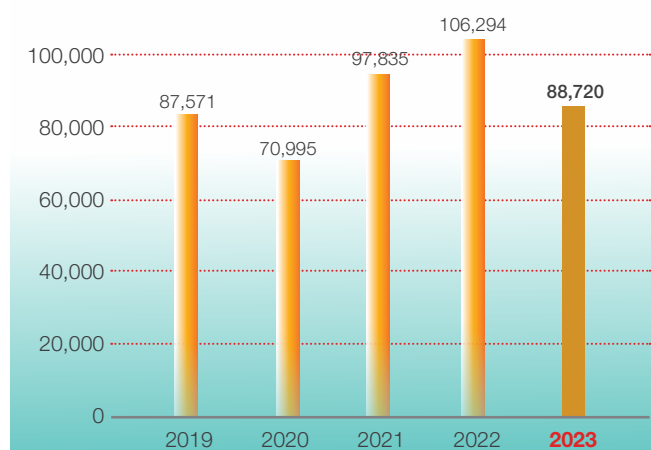




# FINANCIAL HIGHLIGHTS

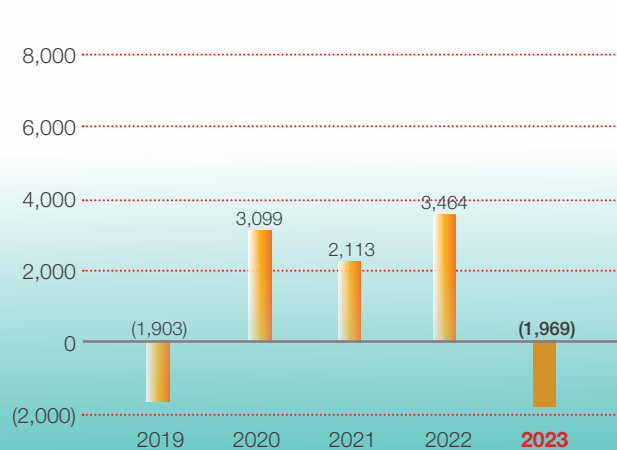
## Revenue

(S\$'000)



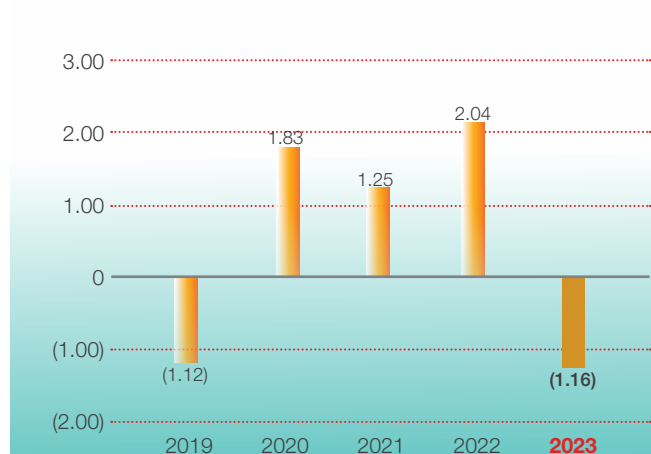
## Profit Attributable to Owners of the Company

(S\$'000)



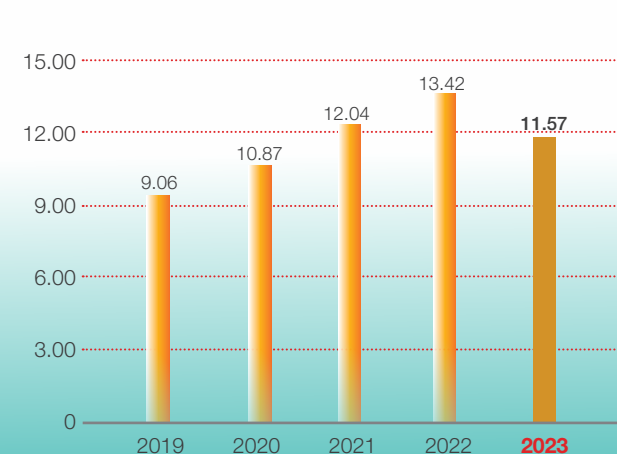
## Earnings Per Share

(Singapore Cents)



## Net Asset Value Per Share

(Singapore Cents)



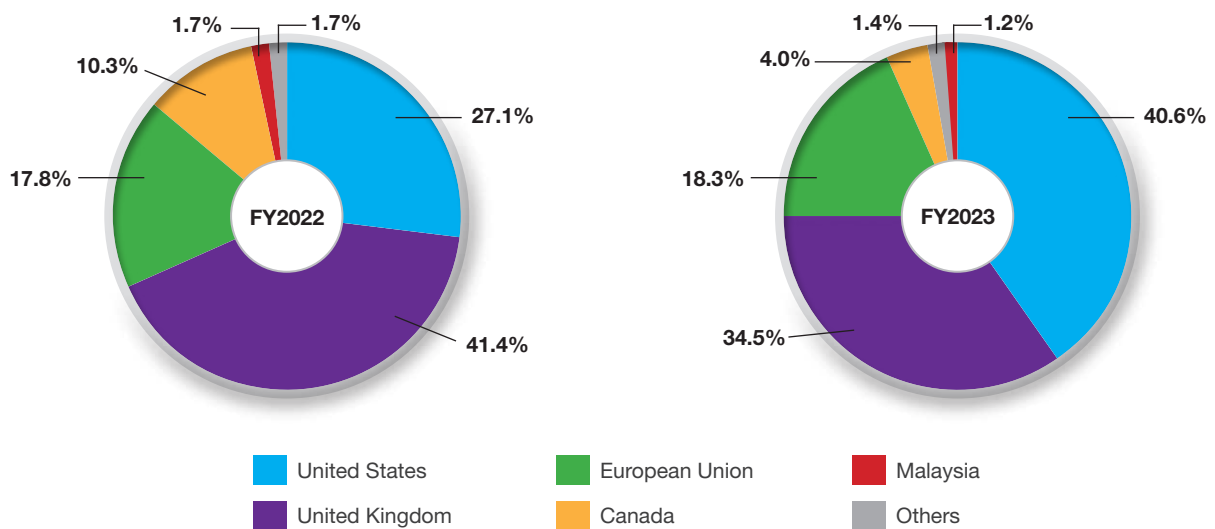
S\$'000 (unless otherwise stated)	2023	2022	2021	2020	2019
Revenue	<b>88,720</b>	106,294	97,835	70,995	87,571
Gross profit	<b>8,102</b>	16,115	13,593	13,166	13,485
Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	<b>1,306</b>	7,468	6,104	7,268	1,214
(Loss)/Profit before tax	<b>(1,783)</b>	4,356	3,199	4,223	(1,736)
(Loss)/Profit attributable to owners of the Company	<b>(1,969)</b>	3,464	2,113	3,099	(1,903)
Gross profit margin (%)	<b>9.1</b>	15.2	13.9	18.5	15.4
Basic and diluted (loss)/earnings per share (Singapore cents)	<b>(1.16)</b>	2.04	1.25	1.83	(1.12)
Non-current assets	<b>16,306</b>	18,205	20,216	18,962	19,737
Current assets	<b>39,986</b>	32,721	53,539	38,071	29,760
Non-current liabilities	<b>798</b>	1,687	3,570	4,252	5,349
Current liabilities	<b>35,857</b>	26,463	49,753	34,338	28,767
Net asset value	<b>19,637</b>	22,776	20,432	18,443	15,381
Net asset value per share (Singapore cents)	<b>11.57</b>	13.42	12.04	10.87	9.06
Net cash from/(used in) operating activities	<b>1,136</b>	15,437	(1,030)	2,448	4,129
Net cash used in investing activities	<b>(795)</b>	(509)	(2,619)	(374)	(1,755)
Net cash from/(used in) financing activities	<b>940</b>	(12,610)	2,743	(583)	(4,073)
Cash and cash equivalents at the end of the financial year	<b>5,957</b>	4,966	2,864	3,721	2,224

# FINANCIAL REVIEW

## PERFORMANCE REVIEW

In FY2023, the Group's revenue fell by 16.5% to S\$88.7 million, mainly due to lower apparel orders placed by existing customers, affected by lower consumer purchasing power as a result of the rising inflation and interest rates, particularly in the first half of 2023 ("1H2023").

The United States ("US"), United Kingdom ("UK"), and European Union ("EU") were the Group's largest markets, accounting for 40.6%, 34.5%, and 18.3% of the total revenue in FY2023 respectively. Geographically, the decrease in revenue was mainly attributable to a drop in revenue contribution from the UK, Canada, and EU of S\$13.4 million, S\$7.4 million, and S\$2.7 million respectively, partially offset by an increase in revenue contribution from the US of S\$7.2 million thanks to sales from a recently secured athleisure customer in the US.



Cost of sales dropped by 10.6% to S\$80.6 million in FY2023. Despite achieving lower raw material costs of S\$9.0 million and making modest savings in the export handling charges of S\$0.2 million, labour costs of S\$0.2 million, and factory overheads of S\$0.2 million, the Group experienced a significant 49.7% year-on-year decline in gross profit to S\$8.1 million in FY2023. The decrease is mainly attributed to diseconomies of scale arising from lower revenue in 1H2023 and initial one-off costs incurred to fulfil a substantial maiden order from the new customer with a tight delivery schedule during the financial year, resulting in increased expenses such as higher salaries and production-related costs, and freight and delivery charges for the order concerned amounting to S\$3.0 million. Consequently, gross profit margin narrowed by 6.1 percentage points from 15.2% in FY2022 to 9.1% in FY2023.

Other income increased by 30.0% to S\$0.7 million, largely due to higher unrealised foreign exchange gain of S\$0.3 million and ad-hoc income from sub-contracting works done by a subsidiary in Malaysia of S\$0.1 million, partially offset by a decline in bad debt recovery of S\$0.2 million.

Administrative and general expenses fell 19.2% to S\$7.3 million in FY2023, mainly due to a decrease in foreign exchange loss of S\$1.2 million, performance bonuses of S\$0.3 million, and absence of impairment loss recognised of \$0.2 million.

Selling and marketing expenses rose slightly by 2.6% to S\$2.2 million, primarily attributed to higher sample development costs of S\$0.4 million and increased travelling expenses by S\$0.1 million, partially offset by reduced sales commissions of S\$0.4 million paid to apparel sourcing agents.

Finance costs grew by 21.2% to S\$1.1 million in FY2023, arising from higher interest expenses incurred on the Group's short-term borrowings following interest rate hikes.

As a result, the Group recorded a net loss attributable to shareholders of S\$2.0 million in FY2023, compared to a net profit attributable to shareholders of S\$3.5 million in the previous year.

# FINANCIAL REVIEW

## FINANCIAL POSITION

As at 31 December 2023, the Group's net asset value was S\$19.6 million, which translates to a net asset value per share of 11.57 Singapore cents, compared to 13.42 Singapore cents a year ago.

### Non-current assets

Non-current assets fell by 10.4% to S\$16.3 million mainly due to depreciation charge on the Group's property, plant and equipment and right-of-use assets, partially offset by the acquisition of plant and machinery for the textile manufacturing plant in Malaysia and apparel manufacturing plants in Cambodia.

### Current assets

Current assets rose by 22.2% to S\$40.0 million, primarily attributed to increases in: (i) inventories of S\$1.2 million due to higher inventories, which comprised mainly stock fabrics and accessories held to cater for the manufacturing of apparel products to be delivered to the customers in the first quarter of the financial year ending 2024 compared to the previous year; (ii) trade and other receivables of S\$4.0 million mainly due to higher shipments of finished products to customers towards the end of FY2023 as sales improved; and (iii) cash and bank balances of S\$1.5 million.

### Non-current liabilities

Non-current liabilities dropped by 52.7% to \$0.9 million, largely due to a decrease in long-term borrowings and non-current lease liabilities of S\$0.2 million and S\$0.7 million respectively, as a result of the reclassification of term loans and lease liabilities from non-current liabilities to current liabilities.

### Current liabilities

Current liabilities grew by 35.5% to S\$35.9 million, mainly due to increases in (i) short-term borrowings of S\$4.1 million as a result of additional short-term financing utilised as the Group gradually shifted to customers that used a higher proportion of their own textile products, which resulted in a longer production cycle; and (ii) trade and other payables of S\$5.1 million in line with the customer shift and higher year-end shipments as explained above.

## CASH FLOW

Net cash flows generated from operating activities amounted to S\$1.1 million in FY2023. Despite recording loss before tax during the financial year, the Group recorded operating profit before working capital changes after adjusting for major non-cash items such as depreciation of right-of-use assets and property, plant and equipment of S\$1.9 million and interest expense of S\$1.1 million. In terms of working capital, the increase in trade and other payables was sufficient to offset corresponding net increases in trade and other receivables and inventories.

The Group used S\$0.8 million cash for investing activities to purchase plants and machinery for the textile manufacturing plant in Malaysia and apparel manufacturing plants in Cambodia.

Net cash generated from financing activities of S\$0.9 million was primarily due to net proceeds from short-term borrowings, partially offset by interest paid, repayments of lease liabilities, repayment to directors and additional pledged deposits placed.

Consequently, the Group's cash and cash equivalents increased from S\$5.0 million to S\$6.0 million in FY2023.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr Lim Siau Hing

*Executive Chairman*

### Mr Damien Lim Vhe Kai

*Executive Director and Chief Executive Officer*

### Mr Goh Yeow Tin

*Non-Executive and Lead Independent Director*

### Mr Yap Boh Pin

*Non-Executive and Independent Director*

### Mr Koh Boon Huat

*Non-Executive and Independent Director*

## AUDIT COMMITTEE

Mr Yap Boh Pin (*Chairman*)

Mr Goh Yeow Tin

Mr Koh Boon Huat

## REMUNERATION COMMITTEE

Mr Koh Boon Huat (*Chairman*)

Mr Goh Yeow Tin

Mr Yap Boh Pin

## NOMINATING COMMITTEE

Mr Goh Yeow Tin (*Chairman*)

Mr Yap Boh Pin

Mr Koh Boon Huat

## COMPANY SECRETARIES

Ms Pan Mi Keay

Mr Lee Wei Hsiung

## SHARE & WARRANT REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services

9 Raffles Place

#26-01 Republic Plaza

Singapore 048619

## INDEPENDENT AUDITOR

Foo Kon Tan LLP

Public Accountants and Chartered Accountants

1 Raffles Place

#04-61 One Raffles Place Tower 2

Singapore 048616

Partner-in-charge: Chan Ser

(Since financial year ended 31 December 2023)

## PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd.

Standard Chartered Bank Malaysia Berhad

Malayan Banking Berhad

## REGISTERED OFFICE

9 Raffles Place

#26-01 Republic Plaza

Singapore 048619

Tel: 6236 3459

Fax: 6236 4399

Email: info@ktmg.sg

## SPONSOR

SAC Capital Private Limited

1 Robinson Road

#21-00

AIA Tower

Singapore 048542

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# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

The Board of Directors (the “**Board**” or “**Directors**”) of KTMG Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is committed to ensuring and maintaining a high standard of corporate governance within the Group to ensure transparency and protection of the interests of the shareholders.

The Group is committed to achieving and maintaining high standards of corporate governance. The Group has substantively complied with the recommendations of the Code of Corporate Governance 2018 (“**Code**”), through effective self-regulatory corporate practices to protect and enhance the interests of its shareholders. The Code aims to promote high levels of corporate governance by putting forth Principles of good corporate governance and Provisions with which companies are expected to comply. The Practice Guidance complements the Code by providing guidance on the application of the Principles and Provisions and setting out best practices for companies.

This report (“**Report**”) describes the Group’s corporate governance processes and activities in conjunction with the requirements of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”) that issuers describe its corporate governance practices with specific reference to the Code in its annual reports.

Pursuant to Rule 710 of the Catalist Rules, the Board confirms that the Company and Group have, for the financial year ended 31 December 2023 (“**FY2023**”), complied with and observed the Principles as set out in the Code. The Board also confirms that where there are deviations from the Provisions of the Code, explanations, including the Provision from which it has varied, reasons for deviation and how the Group’s practices are consistent with the aim and philosophy of the Principle in question, have been provided in the relevant sections below:–

## BOARD MATTERS

### The Board’s Conduct of Affairs

**Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

The Board oversees the management of the Company. It sets the corporate strategies of the Group and sets directions and goals for the management. It supervises the management and monitors performance of these goals to enhance shareholders’ value. The Board is responsible for the overall corporate governance of the Group.

As at the date of this report, the members of the Board are as follows:

Mr Lim Siau Hing @ Lim Kim Hoe	(Executive Chairman)
Mr Lim Vhe Kai	(Executive Director and Chief Executive Officer)
Mr Goh Yeow Tin	(Non-Executive and Lead Independent Director)
Mr Yap Boh Pin	(Non-Executive and Independent Director)
Mr Koh Boon Huat	(Non-Executive and Independent Director)

The Board’s principal functions, apart from its statutory duties, are:–

1. Evaluating and approving the Group’s strategic plans, key operational initiatives, major investments and divestments and funding requirements;
2. Reviewing the performance of the business and approving the release of the financial results announcement of the Group to shareholders;
3. Providing guidance in the overall management of the business and affairs of the Group;



# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

4. Overseeing the processes for internal controls, risk management, financial reporting and statutory compliance;
5. Approving the recommended framework of remuneration for the Board and key executives as may be recommended by the Remuneration Committee; and
6. Considering sustainability issues such as environmental and social factors.

Directors are fiduciaries who act objectively in the best interests of the Company and work with Management for performance and long-term success of the Group. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organizational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest will disclose and recuse themselves from discussions and decisions involving the issues of conflict.

To facilitate effective management, the Board has delegated certain specific responsibilities to three (3) board committees, namely, the Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”), and together, the “**Board Committees**”).

The Board Committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. More information on the Board Committees is set out in this Report below. The Board accepts that while the Board Committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Matters which are specifically reserved for decision by the Board include:

- a) Approval and announcement of half-year and full year financial statements results announcements, and the release of the Company’s annual reports;
- b) Convening of shareholders’ meeting and circulars to shareholders to be issued in connection therewith;
- c) Declaration of interim dividends and proposal of final dividends;
- d) Approval of material investments, acquisitions and disposals of assets;
- e) Matters as specified under the SGX-ST’s interested person transaction policy;
- f) Approval of major transactions; and
- g) Approval of corporate or financial structuring, annual budgets, corporate strategy, share issuances, and communications with regulatory authorities and shareholder matters.

The Board ensures that incoming new Directors are given comprehensive and tailored induction training on joining the Board including onsite visits, if necessary, to familiarise them with the business of the Group and the corporate governance practices of the Group upon their appointment to facilitate the effectiveness in discharging their duties.

All Directors are regularly updated by Management and the Corporate Secretary on the industry, business, operations and corporate governance practices of the Group. The Company will, from time to time, invite Directors to attend seminars and briefing sessions to keep pace with financial, corporate governance, regulatory and other changes at the Company’s expense.

All Directors are members of the Singapore Institute of Directors (“**SID**”), and eligible to receive updates and training from SID. Directors and Senior Management are encouraged to attend relevant courses and subscribe for journal updates on matters of topical interest.

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

The Board as a whole is kept up-to date from time to time on pertinent business developments in the business and industry, as well as key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

New releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (“ACRA”) and news articles/reports (including analyst reports) which are relevant to the Group’s business are regularly circulated to all the directors.

The external auditors regularly update the Audit Committee and the Board on the developments in the Singapore Financial Reporting Standards (International) (“SFRS(I)”) which are applicable to the Group. Changes to regulations and accounting standards are monitored closely by the Management, including attending training in relation to the updates of SFRS(I). In addition, the Management regularly updates and familiarises the Directors on the business activities of the Group during Board and Board Committee meetings.

All newly-appointed Directors who have no prior experience as directors of a listed company in Singapore will undergo training courses organised by the SID on the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST, pursuant to Rule 406(3)(a) of the Catalist Rules. During the year, there was no new director appointed to the Board.

In addition, with effect from 1 January 2022, all Directors are required to undergo training on sustainability matters. In this connection, all the Board members have completed the mandated sustainability training course as required by the enhanced SGX sustainability reporting rules.

The Executive Directors are appointed by way of service agreements, while the Independent Directors will be appointed by way of letters of appointments. The duties and responsibilities of Directors are clearly set out on these service agreements and letters of appointments.

The Board meets regularly at least twice a year, with Board and AC meetings being held at least twice a year, and RC and NC meetings held at least once a year. Informal meetings will also be held to discuss and update on corporate and commercial matters where necessary, or as warranted by circumstances to deliberate on urgent substantive matters or when required to address any specific significant matters that may arise from time to time. Regulation 108(1) of the Company’s Constitution allows for participation in board meetings via telephone conference and other electronic or telegraphic means.

Directors’ attendance at Board and Board Committee Meetings held for FY2023 up to the date of this Report is tabulated below:–

Types of Meetings	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Names of Directors								
Lim Siau Hing @								
Lim Kim Hoe	2	2	3*	3*	1*	1*	1*	1*
Lim Vhe Kai	2	2	3*	3*	1*	1*	1*	1*
Goh Yeow Tin	2	2	3	3	1	1	1	1
Yap Boh Pin	2	2	3	3	1	1	1	1
Koh Boon Huat	2	2	3	3	1	1	1	1

\* By Invitation

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

When a director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a director of the Company. For FY2023, the NC is of the view that Directors with multiple board representations and other principal commitments, have ensured that sufficient time and attention are given to the affairs of each company. The Board has not fixed the maximum number of listed company board representations and other principal commitments which any Director may hold. Further details of which is set out under Principle 4 of this Report.

The Management provides the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis to ensure that the Directors are able to fulfil its duties and responsibilities and make informed decision. Management also provides periodic reports on material operational and financial matters of the Company and of the Group.

As a general rule, the Board papers are required to be sent by Management to Directors at least seven (7) days before the Board and Board Committee meetings so that the members may better understand the matters before the meetings and discussion may be focused on questions that the Board has.

On an ongoing basis, the information provided to the Board include financial management reports, reports on performance of the Group against the budget with notes on any significant variances, papers pertaining to matters requiring the Board's decision, updates on key outstanding issues, strategic plans and developments in the Group. Thereafter, the Company circulates copies of the minutes of the meetings of all Board and Board Committees to all members of the Board to keep them informed of on-going developments within the Group.

The Directors have separate and independent access to the Company's Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. The Board has the right to seek independent professional advice as and when necessary to enable it to discharge its responsibilities effectively. The Directors of the Company, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of the Company.

The Company Secretary or their respective representatives administer, attend and prepare minutes of Board and Board Committee meetings as well as shareholders' meetings. They assist the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act 1967 (the "**Companies Act**") and the Catalist Rules are complied with. They also assist the Chairman and the Board in implementing and strengthening corporate governance practices and processes with a view of enhancing long-term shareholders' value. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

## Board Composition and Guidance

**Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

The Board currently comprises five (5) Directors of whom, three (3) are Non-Executive and Independent Directors. The current Chairman of the Board and the Chief Executive Officer ("**CEO**") are immediate family members, and both are Controlling Shareholders of the Company. Hence, the Executive Chairman and the CEO are not independent. In compliance with Provisions 2.2 and 2.3 of the Code, majority of the Board is made up of Non-Executive and Independent Directors as the Chairman is not independent. Accordingly, the independent element on the Board is strong, where the Non-Executive and Independent Directors have been able to exercise objective judgement independently from the Management and substantial shareholders and no individual or small group of individuals dominate the decisions of the Board.

The NC and the Board has adopted the Code's criteria in its review of the independence of an independent director. An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgment in the best interests of the Company.

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

The independence of each Director will be reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines set out in the 2018 Code and the Catalyst Rules. An Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company.

The NC and the Board have reviewed and ascertained that all are independent according to the 2018 Code, its Practice Guidance and Rules 406(3)(d)(i) and 406(3)(d)(ii) of the Catalyst Rules and noted that:

- (a) the Independent Directors: (i) are not employed by the Company or any of its related corporations in the current or any of the past three (3) financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is determined by the RC;
- (b) none of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S\$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organization which provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S\$200,000 for services rendered; and
- (c) none of the Independent Directors are directly associated with a substantial shareholder of the Company.

On 11 January 2023, Singapore Exchange Regulation (“**SGX RegCo**”) announced changes to the Catalyst Rules limiting the tenure of independent directors to nine (9) years and to remove with immediate effect the two-tier vote mechanism for listed companies to retain long-serving independent directors who have served for more than nine years. A transition period for existing independent directors whose tenure exceeds the nine-year limit can continue to serve as independent directors until the listed companies’ annual general meeting held for the financial year ending on or after 31 December 2023.

In view of the above revised Catalyst Rules, Mr Yap Boh Pin and Mr Goh Yeow Tin will be retiring as the directors of the Company upon the conclusion of the forthcoming AGM. The NC has recommended and the Board has concurred that Mr Ooi Jit Huat and Mr Lau Ping be appointed as the new Independent Directors of the Company to replace Mr Yap Boh Pin and Mr Goh Yeow Tin, who are retiring after the conclusion of the forthcoming AGM. Mr Ooi Jit Huat and Mr Lau Ping’s appointment as the new Independent Directors are subject to the approval of Shareholders at the forthcoming AGM. Please refer to pages 30 to 36 of this Annual Report for the detailed information of Mr Ooi Jit Huat and Mr Lau Ping.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. In reviewing the composition of the Board and the Board Committees, the NC considers the benefits of Board diversity from various aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. In addition, all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. As the Group’s activities continue to grow, the NC will continuously review the composition of the Board so that it will have the necessary competency to be effective. The NC has opined that the current size of the Board is appropriate, taking into account the nature and scope of the Group’s operations.

The Board is made up of Directors who are qualified and experienced in various fields as demonstrated in the table below. The Board considers that its composition of Directors is well-balanced, with an appropriate mix of knowledge, business network and commercial experience. The profiles of each of the Directors are provided in pages 10 to 12 of this Annual Report.



# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

The current Board composition provides a diversity of background, knowledge and experience to as follows:-

## Balance and Diversity of the Board

Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	2	40%
Business management	5	100%
Legal or corporate governance	5	100%
Relevant industry knowledge or experience	2	40%
Strategic planning experience	3	60%
Customer based experience or knowledge	3	60%

The Group is committed to building a diverse, inclusive and collaborative culture. It recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development. In view of the Rule 710A of the Catalist Rules and the revised Code, the Company has adopted a board diversity policy ("**Board Diversity Policy**") with NC responsible to review and monitor its implementation.

The NC will take into consideration the following factors to ensure diversity of thought and experiences on Board:

- a) Age;
- b) Gender;
- c) Skills;
- d) Experience; and
- e) Background.

The Group's targets with respect to Board diversity are:

- To ensure that the Board is made up of at least half independent directors. Based on the current board composition, comprising one (1) Executive Chairman, one (1) Executive Director and Chief Executive Officer, one (1) Non-Executive and Lead Independent Director and two (2) Non-Executive and Independent Directors, the Board composition of having three (3) IDs making up at least 50% of the entire Board is met and remains a constant ongoing target for the Group;
- To have on Board individuals from various backgrounds, experience, age and gender to provide valuable insights across relevant industries, domain and fields. As demonstrated in the table above, the Board comprises individuals who bring a wealth of experience in various areas. This allows for robust discussions between Board members during decision making processes.

All Board appointments will be based on merit and measured against objective criteria with due regard for the benefits of diversity on Board. The NC will review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

To facilitate a more effective check on the Management, the Non-Executive and Independent Directors meet at least once a year with the internal and external auditors without the presence of the Management. The Independent Directors also communicate with each other from time to time without the presence of the Management to discuss the performance of the Management and any matters of concern. Feedback arising from such meetings or discussions is provided to the Board or Executive Chairman, as appropriate.

## Chairman and Chief Executive Officer

**Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

The Company believes that a clear division of responsibilities between the Executive Chairman and CEO ensures proper balance of power, increased accountability and greater capacity of the Board for independent decision-making. The positions of the Executive Chairman and CEO are held by Mr Lim Siau Hing @ Lim Kim Hoe and Mr Lim Vhe Kai respectively. Mr Lim Siau Hing is the father of Mr Lim Vhe Kai. Notwithstanding that the Executive Chairman and CEO are related, as the AC, NC and RC consist of all Non-Executive and Independent Directors, the Board believes that there are strong independent elements and adequate safeguards in place to ensure that the process of decision making is independent, based on collective decisions without any individual or group of individuals being able to exercise considerable concentration of power or influence.

The Executive Chairman's duties and responsibilities, among others, include:-

- to lead and set the agenda for the Board to ensure its effectiveness;
- scheduling meetings to enable the Board to perform its duties responsibly;
- preparing meeting agenda in consultation with the CEO;
- ensuring the proper conduct of meetings and accurate documentation of the proceedings;
- ensuring smooth and timely flow of information between the Board and Management and between the Company and its shareholders;
- facilitating the effective contribution of the Independent Directors;
- promoting high standards of corporate governance; and
- ensuring compliance with internal policies and guidelines of the Company.

The CEO's duties and responsibilities, amongst other things, include:-

- improving, developing, extending, maintaining, advising and promoting the Group's businesses to protect and further the reputation, interest and success of the Company and the Group;
- undertaking such duties and exercising such powers in relation to the Company, the Group and their businesses as the Board shall from time to time properly assign to or vest in him in his capacity as CEO and all other matters incidental to the same; and
- overseeing, formulating and implementing corporate strategies and directions for the affairs of the Group.

# STATEMENT OF CORPORATE GOVERNANCE

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In view that the Executive Chairman is not independent, Mr Goh Yeow Tin as Lead Independent Director will be available to Shareholders where they have concerns for which contact through normal channels of communication with the Executive Chairman or Management are inappropriate or inadequate. In addition to the above, when it is necessary, the Independent Directors shall meet without the presence of the Executive Directors and the Lead Independent Director shall provide feedback to the Chairman after such meetings.

Following the retirement of Mr Goh Yeow Tin at the forthcoming AGM, Mr Koh Boon Huat, currently an Independent Director of the Company will assume the role as Lead Independent Director.

## Board Membership

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

The NC comprises the following members, all of whom are Non-Executive and Independent. The Lead Independent Director is also the Chairman of the NC.

Mr Goh Yeow Tin	(Chairman of NC and Non-Executive & Lead Independent Director)
Mr Yap Boh Pin	(Member and Non-Executive & Independent Director)
Mr Koh Boon Huat	(Member and Non-Executive & Independent Director)

The NC's key terms of reference, describing its responsibilities, include:-

- (a) Reviewing succession plans for the Directors, in particular, the appointment and/or replacement of the Executive Chairman, CEO and Management;
- (b) Reviewing and recommending the appointment and re-appointment of the Directors having regard to the Director's contribution and performance, including attendance, preparedness and participation;
- (c) Determining on an annual basis whether or not a Director is independent in accordance to the Code;
- (d) Reviewing the training and professional development programs for the Board;
- (e) Reviewing a Director's multiple board representations on various companies and deciding whether or not such Director is able to and has been adequately carrying out his duties as director; and
- (f) Deciding on how the performance of the Board, its Board Committee and its Directors is to be evaluated and proposing objective performance criteria subject to the approval by the Board.

As described under Principle 2 of this Report, the independence of each Director is reviewed annually, or as and when circumstances require, by the NC based on the guidelines set out in the Code and the Catalist Rules. The NC's assessment of the independence of a director is guided by the Code and takes into account factors such as relationship with the Company, its related corporations, its substantial shareholders or its officers and whether these relationships interfere with his business judgements. The NC has reviewed the independence of Mr Goh Yeow Tin, Mr Yap Boh Pin and Mr Koh Boon Huat and is satisfied that there are no relationships which would deem any of them not to be independent. As Mr Yap Boh Pin and Mr Goh Yeow Tin has been on the Board for more than 9 years, they will be retiring at the forthcoming AGM.

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Pursuant to the Constitution of the Company, at each AGM one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to but not less than one-third shall retain office under the close of the meeting, whether adjourned or not. All directors, including the CEO, submit themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, a newly appointed director must retire from office and submit for re-election at the next following AGM.

The NC ensures that any newly-appointed directors are aware of their duties and obligations as a director of the Company. When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a director of the Company. The list of listed company directorships and principal commitments of each director is set out under the "Board of Directors" section of this annual report.

For FY2023, the NC is of the view that Directors with multiple board representations and other principal commitments, have also ensured that sufficient time and attention are given to the affairs of each company. Accordingly, as the NC is of the view that the multiple board directorships and principal commitments do not impede their respective performance in carrying out their duties towards the Company, the Board, with the concurrence of the NC, has not fixed the maximum number of listed company board representations and other principal commitments which any Director may hold. It will do so when deemed necessary.

The search and nomination process for new Directors, if any, will be conducted in the following manner:

- a) identify the competencies required to enable the Board to fulfil its responsibilities;
- b) seek external assistance, if the need arises, by approaching relevant institutions such as the Singapore Institute of Directors, search companies or via public advertisements to search for suitable candidates. The search for suitable candidates could also be drawn from the contacts and network of the existing Directors and senior management;
- c) conduct formal interviews of short-listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required of them; and
- d) make recommendations to the Board for approval.

When considering the re-nomination of a Director for re-election, the NC will consider the Directors' overall contribution and performance (such as the time commitment by the Board members with multiple board representations, attendance, preparedness, participation and candour) with reference to the results of the assessment of the performance of the individual director by his peers. Upon review, the Directors are recommended to the Board for re-appointment.

Each member of the NC shall abstain from deliberations and voting on any resolutions in respect of the assessment of his performance, appointment or re-appointment as a Director.

The following Directors will stand for re-election and/or appointment at the forthcoming AGM of the Company to be convened on 25 June 2024:-

- (i) Pursuant to Regulation 118 of the Company's Constitution:
  - Mr Lim Siau Hing @ Lim Kim Hoe
- (ii) Pursuant to Regulation 90 of the Company's Constitution:
  - Mr Ooi Jit Huat; and
  - Mr Lau Ping



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The requirements under Rule 720(5) of the Catalist Rules are stipulated in the table below:

	MR LIM SIAU HING @ LIM KIM HOE	MR OOI JIT HUAT	MR LAU PING
Date of Appointment	18 February 2019	Not applicable	Not applicable
Date of last re-appointment	28 April 2022	Not applicable	Not applicable
Age	77	73	59
Country of principal residence	Malaysia	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contributions, qualifications, work experience and suitability of Mr Lim Siau Hing @ Lim Kim Hoe for re-appointment as Director of the Company. The Board has reviewed and concluded that Mr Lim Siau Hing @ Lim Kim Hoe possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company, having considered among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Ooi Jit Huat, is of the view that he is suitable for appointment as an Independent Director, the Chairman of the Audit Committee, and a Member of the Nominating Committee and the Remuneration Committee of the Company. Mr Ooi Jit Huat's appointment is subject to the approval of the Company's Shareholders at the AGM to be held on 25 June 2024.	The Board of Directors of the Company, having considered among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Lau Ping, is of the view that he is suitable for appointment as an Independent Director, a Member of the Audit Committee, the Nominating Committee and the Remuneration Committee of the Company. Mr Lau Ping's appointment is subject to the approval of the Company's Shareholders at the AGM to be held on 25 June 2024.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Non-Executive and Independent Director, Chairman of the Audit Committee, Member of the Nominating and Remuneration Committee.	Non-Executive and Independent Director, a Member of the Audit Committee, the Nominating Committee and the Remuneration Committee.
Professional qualifications	Mr Lim Siau Hing @ Mr Lim Kim Hoe graduated from Feng Jia College, Taiwan with a diploma in textile engineering in July 1969.	Mr Ooi Jit Huat is a Certified Public Accountant in Malaysia. He is also the Member of Malaysian Institute of Accountants and Malaysian Institute of Taxation.	Mr Lau Ping graduated from The Hong Kong Polytechnic University with a Bachelor's degree in Textile and Merchandising in 1994 and with a Master's degree in Global Fashion Management in 2011.  In between the years of 1995 to 2000, Mr Lau has obtained a diploma in Marketing Management at the Singapore Institute of Management, as well as a Bachelor's degree in Business Management at The Chinese University of Hong Kong.

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	MR LIM SIAU HING @ LIM KIM HOE	MR OOI JIT HUAT	MR LAU PING
Working experience and occupation(s) during the past 10 years	Knit Textiles Mfg. Sdn. Bhd. (1988-Present) – Managing Director	<p>Mr Ooi Jit Huat began his career with one of the big four accounting firms in 1972. He resigned in 1982 and joined a Malaysian incorporated company whose holding company was listed on the New York Stock Exchange in the United States of America. Thereafter, he had formed Russ Ooi &amp; Associates, a public accounting company in 1985.</p> <p>Mr Ooi has garnered a wide spectrum of experiences in the financial industry specialising in corporate consultancy, financial management, auditing, investigation and management information systems. Throughout his career he has involved in a broad spectrum of assignments such as corporate exercise, due diligence, reverse takeover, pre-listing reviews, restructuring, tax planning including mergers and acquisitions of several companies on the Bursa Malaysia Securities.</p>	<p>Mr Lau has extensive expertise in strategy sourcing and procurement in apparel, footwear, and accessories. From 2011 to 2016, he was the General Manager at Asics (HK) Ltd. In August 2016, he was the VP in Merchandising for CFL Enterprises Ltd. From 2017 to 2019, he was the Senior Director at Anta Sports Product Limited. In August 2019, Mr Lau became a Consultant/EVP for Skechers, China and in 2022, he was the Global Head of Product and Sourcing for C&amp;J (HK) Limited.</p> <p>Mr Lau has established a strong track record of driving sales through diverse skill sets, including innovative design concepts, meticulous product creation and development, strategic demand planning, and effective go-to-market strategies. Throughout his career, he has worked with renowned brands, including Nike, ASICS, J.Crew, Skechers, and Anta.</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>Direct Interest: 47,750,000 ordinary shares</p> <p>Indirect Interest: 85,000,000 ordinary shares</p> <p>Pursuant to Section 4 of the Securities and Futures Act 2001, Mr Lim Siau Hing @ Lim Kim Hoe is treated as having an interest in the shares of KTMG Limited held by Wyandotte Capital Limited because the entire issued and paid-up share capital of Wyandotte Capital Limited is held by Lion Trust (Singapore) Limited for a family trust of which Mr Lim Siau Hing @ Lim Kim Hoe is a beneficiary.</p>	Nil	Nil

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	MR LIM SIAU HING @ LIM KIM HOE	MR OOI JIT HUAT	MR LAU PING
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Lim Siau Hing @ Lim Kim Hoe is the father of Mr Lim Vhe Kai.	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#			
Past (for the last 5 years)	<u>Past 5 Years</u> – Nil	<u>Past 5 Years</u> – Priceworth International Berhad – Bertam Alliance Berhad	<u>Past 5 Years</u> – Nil
Present	<u>Present</u> – Knit Textile and Apparel Pte. Ltd. – Callisto Apparel Holdings Pte. Ltd. – Moon Apparel Holdings Pte. Ltd. – Knit Textile Corporation Pte. Ltd. – Knit Textile Holdings Sdn Bhd. – Knit Textiles Mfg. Sdn. Bhd. – Santalia Kesturi Sdn. Bhd. – Knit Textile Integrated Industries Sdn. Bhd. – Knit Textile Vietnam Company Limited – Pocketbrands Sdn. Bhd.	<u>Present</u> – Kwantas Corporation Berhad – Bintai Kinden Corporation Berhad – Ultimate Class Sdn Bhd – ROA Management Consultants Sdn Bhd – ROA Consulting Sdn Bhd – Mint Heritage Sdn Bhd	<u>Present</u> – Nil

# STATEMENT OF CORPORATE GOVERNANCE

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	MR LIM SIAU HING @ LIM KIM HOE	MR OOI JIT HUAT	MR LAU PING
	<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No



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	MR LIM SIAU HING @ LIM KIM HOE	MR OOI JIT HUAT	MR LAU PING
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

# STATEMENT OF CORPORATE GOVERNANCE

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	MR LIM SIAU HING @ LIM KIM HOE	MR OOI JIT HUAT	MR LAU PING
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	No	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			

# STATEMENT OF CORPORATE GOVERNANCE

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	MR LIM SIAU HING @ LIM KIM HOE	MR OOI JIT HUAT	MR LAU PING
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of a listed company?  If yes, please provide details of prior experience.  If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.  Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	Mr Ooi holds various directorships on Bursa-listed companies. This is his first directorship in an SGX-listed company and he will attend the required training as prescribed by the Exchange within one year of the date of his appointment.	No. Mr Lau will attend the required training as prescribed by the Exchange within one year of the date of his appointment.

## Board Performance

**Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

The NC is responsible for assessing the effectiveness of the Board as a whole and its Board Committees, as well as the contribution of each individual director to the effectiveness of the Board. In respect of which, the NC has adopted guidelines for a formal annual assessment and has established a review process and performance criteria which are approved by the Board.

In evaluating the Board's performance, the NC considers a set of quantitative and qualitative performance criteria. The performance criteria for the Board and its Board Committees' evaluations were in respect of size and composition, processes, information, performance, meeting attendance, participation and contributions of the Board and its Board Committees in relation to discharging its principal functions and responsibilities and targets. The results of the assessment checklists are collated by the Company Secretary and presented to the NC for review, before submission to the Board. These performance criteria used has been approved by the Board and will not be changed from year to year and where circumstances deem it necessary for any of the criteria to be changed, the Board will then justify the decision for such change.

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The Board, together with the NC, reviews each individual Board member's performance and effectiveness, as well as the performance and effectiveness of the Board Committees and the Board are undertaken on a continuous basis by the NC with inputs from the various Board members.

Based on the above review, the NC is satisfied that the Board, as a whole, and its Board Committees, has been effective, and that each Director has contributed sufficiently to the effective functioning of the Board.

The Chairman of the NC will also take into consideration the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board, or seek the resignation of directors.

No external facilitators were used in the performance assessment for FY2023.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

The RC comprises entirely of Non-Executive Directors, all of whom, including the Chairman of the RC, are independent:-

Mr Koh Boon Huat	(Chairman of RC and Non-Executive & Independent Director)
Mr Yap Boh Pin	(Member and Non-Executive & Independent Director)
Mr Goh Yeow Tin	(Member and Non-Executive & Independent Director)

The RC's key terms of reference, describing its responsibilities, include:-

- (a) To review and recommend to the Board all matters relating to the specific remuneration packages, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, of the Directors and key management personnel as well as to ensure the termination terms are fair;
- (b) To review and make recommendations to the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Group;
- (c) To review remuneration of all managerial staff that are related to any of the Directors, the CEO and any substantial shareholder of the Company;
- (d) To review and recommend the remuneration framework, as well as the terms of employment of the Executive Directors and key management personnel, and to ensure that the level and structure of their remuneration should be aligned with the long-term interest and risk policies of the Company;
- (e) To structure a significant and appropriate proportion of Executive Directors' and key management personnel's remuneration so as to link rewards to corporate and individual performances. Such remuneration should also be aligned with the interests of shareholders and promote the long-term success of the Company; and
- (f) To review and ensure that the remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the directors and they should not be over-compensated to the extent that their independence may be compromised.



# STATEMENT OF CORPORATE GOVERNANCE

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The RC is responsible for ensuring a formal and transparent procedure for developing an appropriate executive remuneration policy and a competitive framework. In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The RC has recommended to the Board a framework of remuneration which covers various aspects of remuneration, including, but not limited to, salaries, allowances, bonuses, and benefits-in-kind, and the specific remuneration packages for each Executive Director and key management personnel in order to retain and motivate each of them to run the business and operations successfully.

The RC's recommendations are submitted for endorsement by the entire Board. No director is involved in the reviewing, deliberating or voting on any resolutions in respect of his own remuneration package or that of any employees who are related to him. External remuneration consultant's advice will be sought, where necessary, when a major remuneration review is conducted. For FY2023, no external remuneration consultant was appointed.

## Level and Mix of Remuneration

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

In recommending a remuneration framework, the RC takes into account the performance of the Group as well as the Directors and key management personnel, aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks, and promotes the long-term success of the Group.

Accordingly, the remuneration package of the Executive Directors and key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance.

The remunerations of the Non-Executive and Independent Directors are set out in accordance with a framework comprising a basic directors' fees, in addition to Board Committees' fees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and responsibilities of Directors are taken into account. The Company believes that the current remuneration of the Independent Directors is at a level that will not compromise the independence of the Directors. Directors' fees are paid subject to approval of shareholders at each AGM.

There are no contractual provisions to allow the Company to reclaim incentive components of remunerations from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

As part of the RTO transaction, the Company entered into separate service agreements (the "**Service Agreements**") with Mr Lim Siau Hing @ Lim Kim Hoe and Mr Lim Vhe Kai as the Executive Chairman, and Executive Director and CEO of the Company respectively. The Service Agreements were established for an initial period of three years and upon the expiry of such period, the employment of Mr Lim Siau Hing @ Lim Kim Hoe and Mr Lim Vhe Kai shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree, provided any variation of the terms shall be subject to the approval of the RC and the Board.

The remuneration of the Executive Directors includes, among others, a fixed salary, a fixed annual bonus of three (3) months' salary and an annual variable performance bonus determined on an annual profit-sharing basis, which is intended to spur the Executive Directors on to further optimise their performance and efficiency and to reward them for their significant contributions to the Group. There are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Directors. Further details of the Services Agreements are set out under Principle 8 of this Report.

# STATEMENT OF CORPORATE GOVERNANCE

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The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors to provide good stewardship of the Group and key management personnel to successfully manage the Group for the long term.

## Disclosure on Remuneration

**Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

Details of the remuneration of the Directors and key management personnel of the Group for FY2023 are set out below:

Directors	Breakdown of Remuneration in Percentage (%)					
	Fees	Salary	Benefits-in-kind	Bonus	Total	
	%	%	%	%	%	
Goh Yeow Tin	100	–	–	–	100	Band A
Yap Boh Pin	100	–	–	–	100	Band A
Koh Boon Huat	100	–	–	–	100	Band A
Lim Siau Hing @ Lim Kim Hoe	–	80.6	0.9	18.5	100	Band D
Lim Vhe Kai	–	81.2	2.5	16.3	100	Band D

Key Management	Designation	Breakdown of Remuneration in Percentage (%)				
		Salary	Benefits-in-kind	Bonus	Total	
		%	%	%	%	
Chew Chong Kiat	Chief Operating Officer	83.9	3.8	12.3	100	Band B
Bong Wee Khong	Chief Financial Officer	87.2	0.4	12.4	100	Band B
Png Kim Leng <sup>1</sup>	Chief Marketing Officer	97.3	2.7	–	100	Band B

Band A: Compensation from S\$100,000 and below per annum

Band B: Compensation between S\$100,001 and S\$200,000 per annum

Band C: Compensation between S\$200,001 and S\$300,000 per annum

Band D: Compensation between S\$300,001 and S\$400,000 per annum

### Note:

- Png Kim Leng resigned as the Chief Marketing Officer of the Company with effect from 1 September 2023.

The aggregate amount of the total remuneration paid to the Key Management Personnel (who are not Directors or CEO) is S\$416,670.28 in FY2023. For FY2023, there are only three Key Management Personnel of the Group, excluding the Executive Chairman and the CEO.

Provision 8.1 stipulates that the Company should disclose the names, amounts and breakdown of remuneration of each individual director and the CEO. However, to maintain confidentiality on the remuneration policies of the Company, the Board is of the view that it is in the best interests of the Company to keep the disclosure of remuneration of each individual Director and Key Management Personnel in salary bands.

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The Company is cognisant of the new Catalist Rule 1204(10D), which was implemented with effect from 11 January 2023 and will disclose the exact amounts with breakdown of remuneration paid to each individual director and the CEO, on a named basis, by the Company and its subsidiaries in its annual report in respect of the financial year ending 31 December 2024 onwards.

Save as disclosed, there are no termination, retirement and post-employment benefits that may be granted to the Directors and key management personnel.

Ms Lim Sin Jet, who is the daughter of the Executive Chairman, Mr Lim Siau Hing @ Lim Kim Hoe and sister of the CEO, Mr Lim Vhe Kai, holds the position of Corporate Communications Manager of the Company, with a remuneration band of below S\$100,000. The RC is of the view that her remuneration is in line with Company's staff remuneration guidelines and commensurate with her job scopes and level of responsibilities.

Save for which, there are no full-time employees who are substantial shareholders, or are immediate family members of the Directors, the CEO or substantial shareholders, and whose remuneration exceeds S\$100,000 during FY2023.

The remuneration package for the Executive Directors are based on terms stipulated in their Service Agreements. Mr Lim Siau Hing @ Lim Kim Hoe and Mr Lim Vhe Kai are entitled to monthly salary of RM75,000 and RM60,000 respectively. The remuneration package of Mr Lim Siau Hing @ Lim Kim Hoe and Mr. Lim Vhe Kai includes an annual profit-sharing scheme that is performance related to align the interests with those of the shareholders. The amount of annual variable bonus will be calculated based on the Group's profit before tax and determined as follows:

PBT	Amount of variable bonus
Where PBT does not exceed RM7.0 million	Nil
Where PBT exceeds RM7.0 million but does not exceed RM10.0 million	3.0% of the PBT
Where PBT exceeds RM10.0 million but does not exceed RM13.0 million	3.5% of the PBT
Where PBT exceeds RM13.0 million	4.0% of the PBT

Pursuant to the Service Agreements, the Executive Directors will be provided a private vehicle in Malaysia and the Company shall be responsible for all road taxes and expenses incurred in respect of such car, including petrol, insurance, maintenance, operating and repair expenses. All travelling, accommodation, meals, entertainment expenses, mobile phone and other out-of-pocket expenses reasonably incurred by the Executive Directors in the proper performance of their duties will be borne by the Company.

The Company has adopted a remuneration policy for staff comprising a fixed (basic salary) and variable (bonus) components. The variable component is linked to the performance of the Company and individual. RC has also reviewed the remuneration packages of employees who are related to directors, substantial shareholders or Management, and make comparison with those of their peers to ensure that they are treated fairly and without undue favouritism.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board is responsible for presenting a balanced and understandable assessment of the Company's performance, position and prospects. The Company is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with the statutory requirements and the Catalist Rules.

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The Company recognises the importance of providing the Board with accurate and relevant information on a timely basis so that it may effectively discharge its duties.

The Management provides the Board members with the Company's financial results at each half yearly Board meeting, as well as relevant updates, background information and documents relating to the items of business to be discussed at each Board meeting, such as copies of disclosure documents, budgets, forecasts, before the scheduled meeting.

The Board is also provided with such financial information, updates and explanations to safeguard the Company's utilization of cash and make informed decisions on a regular basis.

## **Risk Management and Internal Controls**

The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board acknowledges that it is responsible for the overall internal control framework but recognises that no internal control system will preclude all errors and irregularities. The Board has ensured that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest while also overseeing management in the area of risk management and internal controls. Notwithstanding the aforesaid, procedures are in place to identify major business risks and evaluate potential financial effects.

In addition, the AC reviews and evaluates annually the adequacy and effectiveness of the Group's system of internal controls, including financial, operational, compliance, including sanctions-related risks and information technology controls and risk management. The AC and Board are responsible for the Group's risk management and internal controls system, including financial, operational, compliance, including sanctions-related risks and information technology controls.

The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Company's material internal controls to the extent laid out in their audit plan. Material internal control weaknesses noted during their audit (if any) and the auditors' recommendations are reported to the Board and the AC. Steps are taken to rectify any weaknesses reported. For FY2023, no material internal control weaknesses were noted by the external auditors.

In view of the above and based on the internal controls established and maintained by the Group, work performed by the internal auditors, statutory audits conducted by the external auditors and reviews performed and assurance by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls in place are adequate and effective to provide reasonable assurance of achieving its internal control objectives and to address the Company's financial, operational, compliance and information technology risks, and risk management systems.

Taking into consideration the current operations of the Group and the size and composition of the Board, the Board collectively oversees risk management and does not have a separate risk committee.

The Board has also received assurance from Mr Lim Vhe Kai, the CEO, and Mr Bong Wee Khong, the Chief Financial Officer that:-

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) that the Group's risk management and internal control systems are effective and adequate.

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

## Audit Committee

### Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.

The AC comprises three members, all of whom are Non-Executive and Independent Directors:-

Mr Yap Boh Pin	(Chairman of AC and Non-Executive and Independent Director)
Mr Koh Boon Huat	(Member and Non-Executive and Independent Director)
Mr Goh Yeow Tin	(Member and Non-Executive and Lead Independent Director)

The members of the AC have many years of experience in business management and financial services. The Chairman of the AC is a very experienced and qualified accountant and the other members have significant experience in financial management. As such, the Board views all members of the AC to have recent and relevant accounting or related financial management expertise and experience to discharge their responsibilities properly.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to and the co-operation of Management and the full discretion to invite any Director or executive officer to attend its meetings and has reasonable resources to enable it to discharge its functions properly.

The AC’s scope of work is governed by written terms of reference. Specifically, the AC meets, at least half-yearly, on a periodic basis, or as and when appropriate, to perform the following functions:

- (a) Review the interim financial results and annual financial statements and the external auditors’ report on the annual financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgments, compliance with Singapore Financial Reporting Standards (International) as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management to ensure the integrity of the financial statements of the Group and any announcements relating to the financial performance, where necessary, before submission to the Board for approval;
- (b) Reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken;
- (c) Review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company’s financial performance;
- (d) Review the assurance from the CEO and the Financial Controller on the financial records and financial statements;
- (e) Reviewing at least annually the adequacy and effectiveness of the Company’s internal controls and risk management systems;
- (f) Assist the Board of Directors in the identification and monitoring of areas of significant business risks with the help of internal and external auditors;
- (g) Review the effectiveness of the financial and accounting control systems and management of financial and business risks;



# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

- (h) Review and approve the Group's transfer pricing policy and hedging policy (if any), and conduct periodic reviews of the transfer pricing policy and hedging policy, together with the foreign exchange transactions and hedging activities undertaken by the Group;
- (i) Review compliance with the Catalist Rules and the Code of Corporate Governance;
- (j) Review with the external and internal auditors their respective audit plans, reports and their evaluation of the adequacy and effectiveness of the Group's system of risk management and internal controls;
- (k) Making recommendations on the appointment and removal of external auditors and to review the level of audit fees and terms of engagement of the external auditors;
- (l) Review the independence of the Company's external and internal auditors on an annual basis;
- (m) Review the adequacy, effectiveness, scope and results of the external audit, and the Company's internal audit function; and
- (n) Review interested person transactions in accordance with the requirements of the Catalist Rules.

The AC has reviewed and is satisfied with the level of co-operation rendered by Management to the external auditors. The AC is also of the view that the scope of audit, experience levels of staff and quality of the audits are adequate. The AC also convenes a meeting with the external auditors and internal auditors without the presence of Management to discuss matters relating to the audits, at least on an annual basis.

## Key Audit Matters

In its review of the financial statements of the Group for FY2023, the AC had discussed with Management the accounting principles that were applied and their judgement of items that might affect the financial statements. The AC also met with the external auditors to discuss the audit findings as well as their audit. During the audit of the financial statements for FY2023, two key audit matters ("**KAM**") were reported by the external auditors and is set out on pages 51 to 53 of this Annual Report, being recoverability on trade receivables and impairment testing of non-financial assets. The AC had reviewed the KAM and concurred and agreed with the external auditor and Management on their assessment, judgements and estimates on the significant matters reported by the external auditor. Taking into consideration, inter alia, the approach and methodology used, the AC is of the view that the key audit matter have been properly dealt with.

The AC conducts reviews of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services does not prejudice the independence and objectivity of the auditors. The fees paid to the External Auditors of the Group for statutory audit services were S\$100,200 in respect of FY2023. During the year, there was no non-audit fee paid to the External Auditors.

The AC has recommended that Foo Kon Tan LLP be nominated for re-appointment as auditors at the forthcoming AGM. In recommending the re-appointment of the auditors, the AC considered and reviewed a number of key factors, including amongst other things, adequacy of the resources and experience of supervisory and professional staff as well as the audit engagement partner to be assigned to the audit, the size and complexity of the Group and its businesses and operations.

Where the external auditors raise any significant issues (e.g. adjustments) which has a material impact on the interim financial statement or financial updates previously announced by the Company, the AC will bring this to the Board's attention, and the Board will then consider whether an immediate announcement under Rule 703 of the Catalist Rules is required. The AC will also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates.

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

No former partner or director of Company's existing auditing firm, Foo Kon Tan LLP, has acted as a member of the Company's AC: (a) within a period of two (2) years commencing on the date of his ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case (b) for so long as he has any financial interest in the auditing firm or auditing corporation.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Foo Kon Tan LLP as the auditors of the Company and its significant subsidiary.

## Internal Audit

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The Company has appointed CLA Global TS Risk Advisory Pte. Ltd. ("**CLA Global TS**") (formerly known as Nexia TS) as the internal auditor to review the internal control processes of the Group. CLA Global TS is an independent network member of CLA Global and each CLA Global network member is a member of CLA Global Limited, a UK private company limited by guarantee. CLA Global TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The current engagement team assigned comprises of 3 members and is led by Ms Pamela Chen who has more than 15 years performing internal audits for listed companies. The primary reporting line of the internal auditors is to the AC. The AC also decides on the appointment, termination and remuneration of the internal auditors.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. The internal auditors carry out their work in accordance with International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, and has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company. During the financial year, no material weaknesses were highlighted by the internal auditors in its review. Accordingly, the AC is satisfied that the internal audit function has adequate resources to perform its function effectively, has appropriate standing within the Company and is independent of the activities it audits. The AC is also satisfied that the IA function is staffed by suitably qualified and experience professionals with the relevant experience.

## Whistle-blowing Policy

The Group has put in place a whistle-blowing framework, endorsed by AC, which provides the avenue where the employees of the Group and the members of the public (e.g., suppliers, vendors, associated stakeholders and customers of the Group) may, in confidence, raise genuine concerns about possible corporate malpractices and improprieties in financial reporting or any other wrongdoings within the Group directly to Mr Yap Boh Pin, Chairman of the AC.

Such whistle-blowing policy is publicly disclosed on the Company's website, and the procedures for raising such concerns as well as the designated whistle-blowing communication channel, i.e., email address, are clearly communicated to employees. The objective for such an arrangement is to ensure independent investigation of such matters raised and for appropriate follow-up action, and to provide assurance on the confidentiality of the identity of the whistle-blower as well as to protect the whistle-blower against adverse and detrimental actions for whistle blowing in good faith.

As anonymous reports may be difficult to act upon effectively, whistle-blowers are encouraged to identify themselves to facilitate the investigations of the matters reported. However, an anonymous reporting may still be considered, subject to the severity and credibility of the issues raised and the likelihood of confirmation of the allegation from attributable sources.

The whistle blowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant.

There was no whistle-blowing report received during FY2023 and until the date of this Annual Report.

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### Shareholder Rights and Conduct of General Meetings

**Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

### Engagement with Shareholders

**Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

It is the Group's intention to ensure that all shareholders are treated fairly and equitably to ensure their ownership rights are met. Timely and transparent disclosures are made to ensure all shareholders are informed of any changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares.

The Company's AGM are the principal forum for dialogue with shareholders and to understand the views of the shareholders and also for the shareholders to ask the Board questions regarding the Company. Shareholders are encouraged to attend the AGMs and extraordinary general meetings, where they are given the opportunity to attend and participate effectively in and vote at general meetings. Notice of such meetings will be advertised in newspapers and announced on SGXNet.

The rules, including voting procedures, that govern general meetings of shareholders are also clearly communicated to the shareholders. Separate resolutions on each substantially separate issue are tabled at general meetings, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

The Company conducts voting by poll and makes announcement on the detailed results showing the number of votes cast for and against each resolution and the respective percentages. At present, the Company does not conduct voting by electronic polling as shareholders turn-out at AGM has been manageable.

Currently, the Constitution of the Company allows a member of the Company to appoint up to two proxies to attend and vote at general meetings. Pursuant to Section 181 of the Companies Act, a member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act. Provision 11.4 of the Code states that the Company's Constitution should allow for absentia voting at general meetings of shareholders. However, the Company is not implementing absentia-voting methods such as by mail, email or fax until security, integrity and other pertinent issues are satisfactorily resolved.

At general meetings, shareholders of the Company will be given the opportunity to present their views and to put questions regarding the Group to Directors and Management. All Directors and Management will be present at these meetings to address any questions that shareholders may have. The external auditors will also be present to assist the Board in addressing queries by shareholders relating to audit matters.

For FY2023, all Directors were present at the last AGM held on 27 April 2023. Save for the aforementioned general meeting, there was no other general meeting held during FY2023.

Under Provision 11.5 of the Code, the Company should publish the minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes of the last AGM held on 27 April 2023 were published by the Company on SGXNet and its corporate website on 10 May 2023. The Company also will be publishing the minutes of the forthcoming AGM on SGXNet and on its corporate website within a month of the date of the AGM.

# STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2023

The Company also ensures that timely and adequate disclosures of information on matters of material impact or significance relating to the Group are made to shareholders of the Company through SGXNet and other information channels, in compliance with the requirements set out in the Catalist Rules, with particular reference to the Corporate Disclosure Policy set out therein. The Company does not practice selective disclosure and all material and price or trade sensitive information are publicly released via SGXNet either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

All half yearly and full year results announcements, annual reports, dividend declaration and notices of book closure are announced via SGXNet or issued within the prescribed period under the Catalist Rules.

The Board notes that Provision 11.6 of the Code sets out that the company should have a dividend policy and communicates it to shareholders. However, in line with the Group's strategy of maintaining a strong balance sheet with sufficient resources for future investment purposes for long-term and sustainable growth, the Group does not presently have a prescribed dividend policy. Nonetheless, the Company is of the view that the following disclosure would constitute a balanced and understandable assessment of its position on a dividend policy, and such practice is consistent with the intent of Principle 11 of the Code. Additionally, the Company also discloses the reasons for the decision of the Board not to declare or recommend a dividend, together with the announcement of the financial statements, which is in line with Rule 704(23) of the Catalist Rules.

No dividend has been recommended for the current financial period reported on as the Group is focusing on conserving cash to strengthen its financial position and to cater to the progressive capacity/automation upgrades on identified production processes in both the apparel manufacturing plants in Cambodia and textile manufacturing plant in Malaysia.

Ms Lim Sin Jet, the daughter of Mr Lim Siau Hing @ Lim Kim Hoe (Executive Chairman) and sister of Mr Lim Vhe Kai (Executive Director and Chief Executive Officer) is the Corporate Communications Manager of the Company, to support the Group in facilitating communications with shareholders.

In order to allow for an ongoing exchange of views, and to actively engage and promote regular, effective and fair communication with shareholders, the Company has listed a designated email address, [ir@ktmg.sg](mailto:ir@ktmg.sg), on the 'Investor Relations' page of its corporate website, [www.ktmg.sg](http://www.ktmg.sg). Through this email address, shareholders may directly engage the Company's corporate communications team, which is headed by Ms Lim Sin Jet, with enquiries. Through which, the corporate communications team may also respond to such questions.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Engagement with Stakeholders

**Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served. The Group has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations.

The Company takes its corporate social responsibility seriously and it is not involved nor does it have any legal violation pertaining to labour, employment, consumer, insolvency, commercial, competition or environmental issues.

The Company maintains a corporate website at [www.ktmg.sg](http://www.ktmg.sg) to communicate and engage with stakeholders.

# STATEMENT OF CORPORATE GOVERNANCE

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FY 31 DECEMBER 2023

## DEALING IN SECURITIES

The Company has internal compliance policies to provide guidance to its officers with regard to dealing in its securities. Officers are advised not to deal in the Company's securities on short-term considerations.

The Company has established an internal policy to inform its directors and employees not to deal in the Company's shares whilst they are in possession of unpublished material price sensitive information and also during the period commencing one (1) month prior to the announcement of the Group's half-yearly and full year results. Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods.

## INTERESTED PERSON TRANSACTIONS

The Group has not obtained a shareholder's mandate pursuant to Rule 920 of the Catalist Rules of the SGX-ST. There were no interested person transactions conducted during FY2023 which exceeds S\$100,000 in value.

## MATERIAL CONTRACTS

Save for the Service Agreements entered into between the Executive Directors and the Company, there were no other material contracts entered into by the Company or its subsidiaries, involving the interests of the CEO or any director or controlling shareholder either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

## SUSTAINABILITY REPORT

Pursuant to Rule 711B(3) of the Catalist Rules of the SGX-ST, it requires Issuers to conduct an internal review of their sustainability reporting process to increase stakeholder confidence in the accuracy and reliability of the sustainability information disclosed. Accordingly, the internal auditor reviewed processes in relation to its sustainability reporting which included in their internal audit plan for FY2023.

The Company is in the midst of finalising its Sustainability Report for FY2023 which will be identifying and assessing the material environmental, social and governance factors by taking into consideration their relevance to the business, strategy, business model and key stakeholders. It will be made available to the shareholders on the SGXNet and the Company's website on a standalone basis by 29 June 2024.

## NON-SPONSORSHIP FEES

There was no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited (the "Sponsor") for FY2023.



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors submit this statement to the members together with the audited consolidated financial statements of KTMG Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the financial year ended 31 December 2023.

In the opinion of the directors,

- (a) the accompanying financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended 31 December 2023 in accordance with the provisions of the Singapore Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

## Names of directors

The directors of the Company in office at the date of this report are:

Lim Siau Hing @ Lim Kim Hoe  
 Lim Vhe Kai  
 Koh Boon Huat  
 Goh Yeow Tin  
 Yap Boh Pin

## Directors' interest in shares, debentures, warrants or options

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares, debentures, warrants or options of the Company or its related corporations, except as follows:

	Number of ordinary shares					
	Shares registered in the name of director			Shares in which director is deemed to have an interest		
	As at 1.1.2023	As at 31.12.2023	As at 21.1.2024	As at 1.1.2023	As at 31.12.2023	As at 21.1.2024
<b>The Company – KTMG Limited</b>						
Lim Siau Hing @ Lim Kim Hoe	47,750,000	47,750,000	47,750,000	85,000,000	85,000,000	85,000,000
Lim Vhe Kai	–	–	–	85,000,000	85,000,000	85,000,000
Goh Yeow Tin	503,857	503,857	503,857	–	–	–
Yap Boh Pin	507,262	507,262	507,262	–	–	–

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## Directors' interest in shares, debentures, warrants or options (Continued)

By virtue of Section 7 of the Act, Mr. Lim Siau Hing @ Lim Kim Hoe and Mr. Lim Vhe Kai are deemed to have interests in the shares of the Company held by Wyandotte Capital Limited, as the entire issued and paid-up share capital of Wyandotte Capital Limited is held by a family trust of which Mr. Lim Siau Hing @ Lim Kim Hoe and Mr. Lim Vhe Kai are the beneficiaries, by virtue of their interests of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiaries.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or related corporations, either at the beginning or at the end of the financial year.

## Audit Committee

The Audit Committee at the end of the financial year comprises the following members:

Yap Boh Pin (Chairman)  
Goh Yeow Tin  
Koh Boon Huat

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") and the Code of Corporate Governance. In performing those functions, the Audit Committee reviewed the following:

- (i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;
- (ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (iii) the half yearly financial information and the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 as well as the auditor's report thereon;
- (iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;
- (v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- (vi) reviewed legal and regulatory matters that may have a material impact to the financial statements, related compliance policies and programmes and any reports received from regulators;
- (vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- (viii) reviewed the nature and extent of non-audit services provided by the external auditor;

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## **Audit Committee** (Continued)

- (ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- (x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate;
- (xi) reviewed with the Board of Directors and management the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimise such risks to the Company; and
- (xii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Catalist Rules).

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the Board of Directors that the auditor, Foo Kon Tan LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are provided in the Statement of Corporate Governance.

In appointing auditors of the Company and its subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

## **Independent auditor**

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....  
LIM SIAU HING @ LIM KIM HOE

.....  
LIM VHE KAI

Dated:

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of KTMG Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “**Act**”) and Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“**SSA**”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“**ACRA Code**”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Recoverability of trade receivables

As disclosed in Note 8 to the consolidated financial statements, the Group's trade receivables as at 31 December 2023 amounted to \$17 million, representing 30% of the Group's total assets. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Management determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, management provides lifetime expected credit losses using a provision matrix. The provision rates are determined based on the Group's historical default rates analysed in accordance to days past due by grouping customers based on the customer profiles, adjusted for current and forward-looking information. This area is a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in making judgement by the management in relation to assumptions used in the expected credit loss (“**ECL**”) model such as forward-looking macroeconomic factors.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

## Key Audit Matters (Continued)

(i) Recoverability of trade receivables (Continued)

*Our response and work performed:*

As part of our audit, we assessed the Group's processes and key controls relating to the monitoring of trade receivables including the process in determining whether a debtor is credit-impaired and the Group's processes in collating the key data sources and assumptions for data used in the ECL model. We have reviewed the key data sources and assumptions for data used in the determination of default rate and the correlation between the default rate and the current and forward-looking adjustment factor. We have also considered the age of the debts as well as the trend of collections to identify the collection risks. We have reviewed for collectability by way of obtaining evidence of receipts from the debtors on a sampling basis subsequent to the balance sheet date. We also considered the disclosures in the financial statements about the extent of estimation and judgement involved in determining allowance for doubtful debts.

Disclosure of the pertinent information has been set out in Notes 8 and 22 to the financial statements.

(ii) Impairment testing of non-financial assets (the Group's property, plant and equipment and right-of-use assets and the Company's investment in a subsidiary)

In view of the losses sustained by the Group for the current financial year, management has assessed that there are indications of impairment for the property, plant and equipment and right-of-use assets of the Group and the investment in a subsidiary of the Company. Accordingly, these assets are tested for impairment.

The impairment testing of the Group's property, plant and equipment and right-of-use assets and the investment in a subsidiary of the Company is considered to be a significant risk area due to the judgemental nature of key assumptions and the significance of the carrying amounts of these assets in the consolidated statement of financial position of the Group and the statement of financial position of the Company.

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal.

Fair value less costs of disposal encompass estimating the expected selling prices of the underlying assets by identifying the comparable assets and determining the current market prices of these assets. Input inaccuracies or inappropriate assumptions used to determine the level of impairment, including the comparables used in the fair value measurements, could result in material misstatement in the financial statements.

The valuation techniques and inputs to the impairment tests based on fair value less costs of disposal are disclosed in Note 3 and 5 to the financial statements.

*Our response and work performed:*

Our procedures in relation to management's testing of impairment and determination of the recoverable amount of the Group's property, plant and equipment and right-of-use assets and the Company's investment in a subsidiary based on fair value less costs of disposal included:

- a. Assessed the methodologies and appropriateness of the key assumptions used by the management's experts;
- b. Obtained an understanding and reviewed the key assumptions in the input data from management and the management's experts through discussions, comparisons to independent external data sources, and agreed to supporting documentation; and
- c. Evaluated the competence, capabilities and objectivity of the management's experts.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

## Key Audit Matters (Continued)

- (ii) Impairment testing of non-financial assets (the Group's property, plant and equipment and right-of-use assets and the Company's investment in a subsidiary) (Continued)

We involved our auditor's expert to assist us in the above. We evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the experts. We also considered the adequacy of disclosures in the financial statements, describing the methodologies used, degree of subjectivity and key assumptions used in the estimates.

Disclosure of the pertinent information has been set out in Note 3, 4 and 5 to the financial statements.

## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting processes.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITOR'S REPORT

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TO THE MEMBERS OF KTMG LIMITED

## **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ser.

### **Foo Kon Tan LLP**

Public Accountants and  
Chartered Accountants

Singapore,

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	The Group		The Company	
		31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	3	13,780	15,111	–	–
Right-of-use assets	4	2,217	2,989	–	–
Subsidiary	5	–	–	26,400	26,400
Deferred tax assets	6	309	105	–	–
		<u>16,306</u>	<u>18,205</u>	<u>26,400</u>	<u>26,400</u>
<b>Current Assets</b>					
Inventories	7	12,542	11,337	–	–
Trade and other receivables	8	18,495	14,530	282	294
Prepaid corporate tax		1,123	540	–	–
Cash and cash equivalents	9	7,826	6,314	16	36
		<u>39,986</u>	<u>32,721</u>	<u>298</u>	<u>330</u>
<b>Total assets</b>		<u>56,292</u>	<u>50,926</u>	<u>26,698</u>	<u>26,730</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	10	33,201	33,201	33,201	33,201
Reserves	11	(13,617)	(10,461)	(8,261)	(8,096)
Equity attributable to owners of the Company		19,584	22,740	24,940	25,105
Non-controlling interests		53	36	–	–
<b>Total equity</b>		19,637	22,776	24,940	25,105
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	12	571	739	–	–
Lease liabilities	13	217	948	–	–
Deferred tax liabilities	6	10	–	–	–
		<u>798</u>	<u>1,687</u>	<u>–</u>	<u>–</u>
<b>Current Liabilities</b>					
Borrowings	12	15,764	11,678	–	–
Lease liabilities	13	807	806	–	–
Trade and other payables	14	18,947	13,784	1,758	1,625
Tax payable		339	195	–	–
		<u>35,857</u>	<u>26,463</u>	<u>1,758</u>	<u>1,625</u>
<b>Total liabilities</b>		<u>36,655</u>	<u>28,150</u>	<u>1,758</u>	<u>1,625</u>
<b>Total equity and liabilities</b>		<u>56,292</u>	<u>50,926</u>	<u>26,698</u>	<u>26,730</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

<b>The Group</b>	<b>Note</b>	<b>Year ended 31 December 2023 \$'000</b>	<b>Year ended 31 December 2022 \$'000</b>
Revenue	15	88,720	106,294
Cost of sales		(80,618)	(90,179)
Gross profit		8,102	16,115
Other income		728	560
Impairment loss reversed/(recognised), net		62	(160)
Administrative and general expenses		(7,334)	(9,072)
Selling and marketing expenses		(2,205)	(2,150)
Finance costs	16	(1,136)	(937)
(Loss)/Profit before taxation	17	(1,783)	4,356
Taxation	18	(169)	(873)
(Loss)/Profit for the year		(1,952)	3,483
<b>Other comprehensive loss, net of nil tax:</b>			
<b>Item that will be reclassified subsequently to profit or loss</b>			
Currency translation differences		(1,187)	(1,139)
<b>Total comprehensive (loss)/income for the year</b>		(3,139)	2,344
(Loss)/Profit for the year attributable to:			
– Owners of the Company		(1,969)	3,464
– Non-controlling interests		17	19
		(1,952)	3,483
Total comprehensive (loss)/income attributable to:			
– Owners of the Company		(3,156)	2,325
– Non-controlling interests		17	19
		(3,139)	2,344
(Loss)/Earnings per share (cents)			
– Basic/diluted (loss)/earnings per share	19	(1.16)	2.04

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital \$'000	Capital reserve \$'000	Merger reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2022	33,201	571	(20,106)	(79)	6,828	20,415	17	20,432
Profit for the year	-	-	-	-	3,464	3,464	19	3,483
Other comprehensive loss	-	-	-	(1,139)	-	(1,139)	-	(1,139)
Total comprehensive income for the year	-	-	-	(1,139)	3,464	2,325	19	2,344
Balance at 31 December 2022	33,201	571	(20,106)	(1,218)	10,292	22,740	36	22,776
Loss for the year	-	-	-	-	(1,969)	(1,969)	17	(1,952)
Other comprehensive loss	-	-	-	(1,187)	-	(1,187)	-	(1,187)
Total comprehensive loss for the year	-	-	-	(1,187)	(1,969)	(3,156)	17	(3,139)
<b>Balance at 31 December 2023</b>	<u>33,201</u>	<u>571</u>	<u>(20,106)</u>	<u>(2,405)</u>	<u>8,323</u>	<u>19,584</u>	<u>53</u>	<u>19,637</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/Profit before taxation	(1,783)	4,356
Adjustments for:		
Bad debts recovered	17 (5)	(188)
Depreciation of property, plant and equipment	3 1,217	1,441
Depreciation of right-of-use assets	4 736	734
Loss/(Gain) on disposal of property, plant and equipment	17 226	(7)
(Reversal of)/Impairment loss recognised on trade receivables, net	8 (62)	160
Interest expense	16 1,136	937
Interest income	17 (62)	(33)
Operating profit before working capital changes	1,403	7,400
Changes in trade and other receivables	(3,898)	12,970
Changes in inventories	(1,205)	10,236
Changes in trade and other payables	5,576	(14,144)
Cash generated from operations	1,876	16,462
Interest received	62	33
Income tax paid	(802)	(1,058)
Net cash generated from operating activities	1,136	15,437
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment <sup>(1)</sup>	(875)	(599)
Proceeds from disposal of property, plant and equipment	80	90
Net cash used in investing activities	(795)	(509)
<b>Cash Flows from Financing Activities</b>		
Proceeds from term loans and other short-term loans	Note A 56,683	64,519
Repayment of term loans and other short-term loans	Note A (52,765)	(75,422)
Repayment of principal elements of lease liabilities	Note A (908)	(741)
Repayment of amounts due to directors/shareholders	Note A (413)	(56)
Interest paid	Note A (1,136)	(937)
Changes in pledged deposits	(521)	27
Net cash generated from/(used in) financing activities	940	(12,610)
Net increase in cash and cash equivalents	1,281	2,318
Effects of exchange rate changes on cash and cash equivalents at the beginning of the year	(290)	(216)
Cash and cash equivalents at beginning	4,966	2,864
Cash and cash equivalents at end	9 5,957	4,966

(1) In the last financial year ended 31 December 2022, property, plant and equipment of \$201,000 was acquired through borrowings (see Note A).

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Reconciliation of liabilities arising from financing activities excluding equity items:

	<b>Borrowings</b> <b>\$'000</b>	<b>Lease</b> <b>liabilities</b> <b>\$'000</b>	<b>Amount due</b> <b>to directors/</b> <b>shareholders</b> <b>\$'000</b>	<b>Total</b> <b>\$'000</b>
	<b>(Note 12)</b>	<b>(Note 13)</b>	<b>(Note 14)</b>	
At 1 January 2022	23,119	2,174	1,666	26,959
Cash flows from financing activities (Note A):				
– Repayment of directors/shareholders loan	–	–	(56)	(56)
– Proceeds from other short-term loans	64,519	–	–	64,519
– Repayment of term loans	(1,303)	–	–	(1,303)
– Repayment of other short-term loans	(74,119)	–	–	(74,119)
– Repayment of principal elements of lease liabilities	–	(741)	–	(741)
– Interest paid	(708)	(229)	–	(937)
	<u>(11,611)</u>	<u>(970)</u>	<u>(56)</u>	<u>(12,637)</u>
Non-cash changes:				
– Purchase of property, plant and equipment	201	–	–	201
– New leases acquired during the financial year (Note 4)	–	321	–	321
– Interest expense (Note 16)	708	229	–	937
	<u>909</u>	<u>550</u>	<u>–</u>	<u>1,459</u>
<b>At 31 December 2022</b>	<b>12,417</b>	<b>1,754</b>	<b>1,610</b>	<b>15,781</b>
Cash flows from financing activities (Note A):				
– Repayment of directors/shareholders loan	–	–	(413)	(413)
– Proceeds from other short-term loans	56,683	–	–	56,683
– Repayment of term loans	(1,556)	–	–	(1,556)
– Repayment of other short-term loans	(51,209)	–	–	(51,209)
– Repayment of principal elements of lease liabilities	–	(908)	–	(908)
– Interest paid	(1,007)	(129)	–	(1,136)
	<u>2,911</u>	<u>(1,037)</u>	<u>(413)</u>	<u>1,461</u>
Non-cash changes:				
– New leases acquired during the financial year (Note 4)	–	178	–	178
– Interest expense (Note 16)	1,007	129	–	1,136
	<u>1,007</u>	<u>307</u>	<u>–</u>	<u>1,314</u>
<b>At 31 December 2023</b>	<b>16,335</b>	<b>1,024</b>	<b>1,197</b>	<b>18,556</b>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 1 GENERAL INFORMATION

The financial statements of the Group and the Company for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore. The Company is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The registered office of the Company is located at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

The principal place of business of the Group is located at No. 3A, Jalan Wawasan 16, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor, Malaysia.

The Group was formed pursuant to a reverse acquisition by Knit Textile and Apparel Pte. Ltd. ("**KTAPL**") and subsidiaries (the "**KTAPL Group**") which was completed on 18 February 2019.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

## 2(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar which is the Company's functional currency. All financial information is presented in Singapore Dollar have been rounded to the nearest thousand, unless otherwise stated.

The accounting policies have been applied consistently to all years presented in these financial statements.

The preparation of the financial statements in conformity with SFRS(I)s requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(A) BASIS OF PREPARATION (CONTINUED)

### **Significant accounting estimates and judgement**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements.

#### **(a) Significant judgement made in applying accounting policies**

##### (i) Determination of functional currency

The functional currency for each entity in the Group is the currency of the primary economic environment in which it operates. Determination of the functional currency involves significant judgement and other companies may make different judgements based on similar facts. Management reconsiders the functional currency if there is a change in the underlying transactions, events and conditions which determines its primary economic environment.

The determination of functional currency affects the carrying amount of the non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the statement of profit or loss and other comprehensive income. It also impacts the exchange gains and losses included in the statement of profit or loss and other comprehensive income.

##### (ii) Determination of the lease term of right-of-use assets (Note 4)

In determining the lease term of right-of-use assets, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of land, factory premises, plant and machinery and motor vehicles, the following factors are normally the most relevant:

- (a) If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate);
- (b) If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not to terminate);
- (c) Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(A) BASIS OF PREPARATION (CONTINUED)

### **Significant accounting estimates and judgement** (Continued)

#### **(a) Significant judgement made in applying accounting policies** (Continued)

(iii) Control over Santalia Kesturi Sdn Bhd (“SKSB”) (Note 5)

The Group determines if it has control, or not, over SKSB based on whether the Group has the practical ability to direct the relevant activities significantly affecting SKSB’s returns. Although the Group owns only 49% of the voting rights of SKSB, the Group is exposed to and has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity through its control of the composition of the board of directors by virtue of the shareholders’ agreements. Consequently, management consolidates the investment in this entity as a subsidiary of the Group.

(iv) Income taxes (Note 18)

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the provision for income tax. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### **(b) Critical sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Management based its assumptions and estimate on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumption when they occur.

(i) Depreciation of property, plant and equipment and right-of-use assets (Notes 3 and 4)

The cost of property, plant and equipment and right-of-use assets are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A reduction in the estimated useful lives of property, plant and equipment and right-of-use assets would increase depreciation expense and decrease non-current assets.

(ii) Provision for expected credit losses on trade receivables (Note 8)

The Group uses a provision matrix to calculate expected credit losses (“ECL”) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historically observed default rates, forecast of economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information relating to ECLs on the Group’s trade receivables is disclosed in Note 8. A reasonably possible change in default rates will not lead to any significant further allowance for impairment on the Group’s trade receivables.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(A) BASIS OF PREPARATION (CONTINUED)

### Significant accounting estimates and judgement (Continued)

#### (b) *Critical sources of estimation uncertainty* (Continued)

##### (iii) Estimation of the incremental borrowing rate (“IBR”) (Notes 4 and 13)

For the purpose of calculating the right-of-use asset and its related lease liability, the Group applies the interest rate implicit in the lease (“IRILL”) and, if the IRILL is not readily determinable, the entity shall use its IBR applicable to the lease asset. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

For most of the leases whereby the Group is the lessee, the IRILL is not readily determinable. Therefore, the Group estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as the Group’s credit rating). The carrying amount of the Group’s right-of-use asset and lease liability are disclosed in Notes 4 and 13 respectively. A reasonably possible change in the estimated IBR does not have a material impact on the Group’s right-of-use assets and lease liabilities as at the balance sheet date.

##### (iv) Impairment of non-financial assets (the Group’s property, plant and equipment, right-of-use assets and the Company’s investment in a subsidiary (Note 3, 4 and 5))

The Group assesses at the end of each reporting period whether there is any indication that the property, plant and equipment, right-of-use assets and the Company’s investment in subsidiary may be impaired. If any such indication exists, the recoverable amounts of the assets are estimated to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset’s fair value less costs of disposal (“FVLCD”) and value in use. Such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based on the continued use of the asset in the business; and (iii) the appropriate valuation techniques and inputs used in fair value measurement and the key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment could materially affect the recoverable amount determined in the impairment test and as a result may potentially affect the Group’s results.

A reasonable possible change in key assumptions used in determining the Revalued Net Assets Value (“RNAV”), representing FVLCD, being the recoverable amount of the assets, would not result in any impairment since the estimated recoverable amount is still higher than its carrying value. The carrying amount of the Group’s property, plant and equipment, right-of-use assets and the investment in subsidiary at the end of the reporting period and the basis used to determine the recoverable amount are disclosed in Note 3, 4 and 5 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(B) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

On 1 January 2023, the Group and the Company have adopted all the new and revised SFRS(I)s, SFRS(I) interpretations (“**SFRS(I) INT**”) and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

<b>Reference</b>	<b>Description</b>	<b>Effective date (Annual periods beginning on or after)</b>
SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>International Tax Reform – Pillar Two Model Rules</i>	1 January 2023

### **SFRS(I) 17 Insurance Contracts**

SFRS(I) 17 is a new comprehensive accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. When effective, SFRS(I) 17 shall replace SFRS(I) 4 Insurance Contracts. SFRS(I) 17 applies to all types of insurance contracts (such as life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as certain guarantees and financial instruments with discretionary participation features. A few scope exceptions are applicable. The overall objective of SFRS(I) 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SFRS(I) 4, which are largely based on grandfathering previous local accounting policies, SFRS(I) 17 provides a comprehensive model for insurance contracts covering all relevant accounting aspects. The core of SFRS(I) 17 is the general model, supplemented by a specific adaptation for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows, explicitly measures the cost of that uncertainty, and takes into account market interest rates and the impact of policyholders’ options and guarantees.

SFRS(I) 17 are applied retrospectively, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the beginning of the reporting period in which SFRS(I) 17 is first applied, and the transition date is the beginning of the period immediately preceding the date of initial application.

There is no impact on the financial statements as the Group does not have such contracts in scope of SFRS(I) 17 as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(B) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

### **Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies**

The amendments provide guidance and examples to help a reporting entity apply materiality judgement to accounting policy disclosures. The amendments aim to help the entity to provide accounting policy disclosures that are more useful by replacing the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies and by adding guidance on how the entity applies the concept of materiality in making decisions about accounting policy disclosures.

The amendments to SFRS(I) 1-1 are applied prospectively. The amendments to SFRS(I) Practice Statement 2 do not contain an effective date or transition requirements. There is no financial impact on the financial statements on adoption of these amendments. The material accounting policy information (2022: Significant accounting policies) in Note 2(D) were updated in line with the amendments.

### **Amendments to SFRS(I) 1-8 Definition of Accounting Estimates**

The amendments replace the definition of 'change in accounting estimates' with a definition of 'accounting estimates'. The amendments clarify the distinction between change in accounting estimates and change in accounting policies and correction of errors, and that entities use measurement techniques and inputs to develop accounting estimates.

The amendments are applied to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of the period of initial application.

There is no impact on the financial statements as there have been no such changes in accounting policies and changes in accounting estimates during the period.

### **Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, a reporting entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The Group has adopted the amendments from 1 January 2023. The amendments are applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax asset and deferred tax liability shall be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

On 1 January 2022, the Group should have recognised a deferred tax liability of \$304,000 in relation to its right-of-use assets and a deferred tax assets of \$343,000 in relation of its lease liabilities. On 1 January 2023, the Group should have recognised a deferred tax liability of \$203,000 in relation to its right-of-use assets, and a deferred tax asset of \$247,000 in relation to its lease liabilities, separately. As of 31 December 2023, the taxable temporary differences in relation to right-of-use assets and the deductible temporary differences in relation to lease liabilities amount to \$117,000 and \$152,000 respectively. However, there was no significant impact on the statement of financial position because the balances qualify for offset under paragraph 74 of SFRS(I) 1-12. There was also no significant impact on the opening retained earnings as at 1 January 2022 as a result of the change. Accordingly, there was no adjustment made to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(B) ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS (CONTINUED)

### Amendments to SFRS(I) 1-12 International Tax Reform – Pillar Two Model Rules

The amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform.

The OECD published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate.

The amendments will introduce:

- a temporary exception – to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules. This will help to ensure consistency in the financial statements while easing into the implementation of the rules; and
- targeted disclosure requirements – to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Companies can benefit from the temporary exception immediately but are required to provide the disclosures to investors for annual reporting periods beginning on or after 1 January 2023.

There is no impact on the financial statements as the Group's consolidated revenue is less than EUR 750 million each for financial years ended 31 December 2023 and 2022, and thus, it is not in scope of the Pillar Two model rules.

## 2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective. Management anticipates that the adoption of these relevant new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's financial statements in the period of their initial application.

<u>Reference</u>	<u>Description</u>	<u>Effective date (Annual periods beginning on or after)</u>
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21	<i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be determined

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION

### Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

### Subsidiary

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if, and only if, the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### **Consolidation** (Continued)

#### Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

#### Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

#### Loss of control

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of profit or loss and other comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### Reverse acquisition

The acquisition of the entire issued and paid-up share capital of KTAPL in FY2019 had been accounted for as a reverse acquisition.

In the Company's separate financial statements, the investment in a subsidiary is stated at cost less allowance for any impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Buildings	:	50 years
Plant and machinery	:	10 years
Electrical installation	:	10 years
Office equipment and furniture and fittings	:	10 years
Motor vehicles	:	5 years
Renovations	:	50 years

Freehold land and assets under construction are not depreciated.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before that expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of profit or loss and other comprehensive income.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

### Leases

#### The Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Leases (Continued)

#### The Group as a lessee (Continued)

##### (a) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in the statement of profit or loss and other comprehensive income in the periods that trigger those lease payments. For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component. The lease liabilities are presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to the statement of profit or loss and other comprehensive income if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Leases (Continued)

#### The Group as a lessee (Continued)

#### (b) Right-of-use assets

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Leasehold land	:	Over the lease term of 60 years
Factory premises	:	Over the lease term of 5 to 6 years
Plant and machinery	:	Over the lease term of 4 to 5 years
Motor vehicles	:	Over the lease term of 4 to 5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

### Impairment of non-financial assets

As at each reporting date, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Impairment of non-financial assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs in bringing the inventories to their present location and condition. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

### Financial instruments

Financial instruments carried on the statement of financial position include financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These are recognised on the Group's and the Company's statement of financial position when the Group and the Company become a party to the contractual provisions of the instrument. Disclosures of the Group's and the Company's financial risk management objectives and policies are provided in Note 22.

### Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest" ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Financial assets (Continued)

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- Financial assets at FVTPL

The Group and the Company do not hold any financial assets at FVOCI or financial assets at FVTPL.

Subsequent measurement of debt instruments depends on the Group's and the Company's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the assets are derecognised or impaired, and through amortisation process.

Financial assets and financial liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group's and the Company's financial assets at amortised cost comprise trade and other receivables and cash and cash equivalents.

#### Impairment of financial assets

The Group and the Company assesses on a forward-looking basis, the expected credit losses ("**ECLs**") associated with its debt instrument assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs).

For trade receivables, the Group and the Company measure the loss allowance at an amount equal to lifetime ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each reporting period. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Financial assets (Continued)

#### Impairment of financial assets (Continued)

For all other receivables, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Write-off Policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings), or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the consolidated statement of profit or loss and other comprehensive income.

### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### Financial liabilities

#### Initial recognition and measurement

The Group and the Company determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value less in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

Borrowings to be settled within the Group's normal operating cycle are considered as "current". Other borrowings due to be settled more than 12 months after the reporting date are included in "non-current" borrowings in the statement of financial position. Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of borrowing using the effective interest method.

#### Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised, and through the amortisation process.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

### Provisions

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

#### Provision for sales rebate

The Group provides retrospective volume rebates to a customer once the value of apparel products purchased during the financial year exceeds a threshold specified in the sales contract.

The rebates will be set-off against future invoices for meeting contractually agreed sales volumes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### **Borrowing costs**

Borrowing costs are recognised in statement of profit or loss and other comprehensive income as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Foreign exchange differences arising from foreign currency borrowings are capitalised to the extent that they are regarded as an adjustment to interest costs. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

### **Employee benefits**

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore and Employees Provident Fund in Malaysia, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions to national pension schemes are charged to the statement of profit or loss and other comprehensive income in the year to which the contributions relate.

#### Employee leave entitlements

Employee leave entitlements to annual leave are recognised when they accrue to the employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting year.

### **Revenue**

Revenue from sale of goods is recognised when the Group satisfies a performance obligation "PO" by transferring control of a promised goods to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The individual standalone selling price of a good that has not been previously sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Revenue (Continued)

When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance has been satisfied.

### Government grant

Government grants received are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

### Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and the fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Related parties (Continued)

#### Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

### Income taxes

Current income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from lease liabilities.

Deferred income tax is provided in full, using the liability method, on temporary differences at the statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- (i) Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting nor taxable profit or loss;
- (ii) In respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- (iii) In respect of deductible temporary differences and carry-forward of unutilised tax losses, if it is not probable that future taxable profits will be available against which those deductible temporary differences and carry-forward of unutilised tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Income taxes (Continued)

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### Functional currencies

#### Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The functional currency of the Company is Singapore Dollar.

The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollar. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

### Conversion of foreign currencies

#### Foreign currency transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into the functional currency using the exchange rates at the date of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the statement of profit or loss and other comprehensive income, unless they arise from borrowings in foreign currencies and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the statement of profit or loss and other comprehensive income as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transactions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2(D) MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### Conversion of foreign currencies (Continued)

#### Group entities

The results and financial position of all the Group entities (*none of which has the currency of a hyperinflationary economy*) and the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities (including comparatives) are translated at the closing exchange rates at the end of reporting period;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of transactions; and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

### Earnings per share

The Group presents basic and diluted earnings per share (“**EPS**”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, including share options granted to employees.

### Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker who makes strategic resources allocation decisions.

Additional disclosures on operating segments are shown in Note 21 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information. Segment results that are reported to Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3 PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land \$'000	Buildings \$'000	Plant and machinery \$'000	Electrical installation \$'000	Office equipment and furniture and fittings \$'000	Motor vehicles \$'000	Renovations \$'000	Assets under construction \$'000	Total \$'000
<b>Cost</b>									
At 1 January 2022	3,124	7,880	10,992	1,207	2,677	680	1,754	102	28,416
Additions	-	58	388	40	218	25	71	-	800
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	-	-	-	-	-	91	-	-	91
Disposals/written-off	-	-	(349)	-	(17)	(144)	-	-	(510)
Translation differences	(183)	(461)	(397)	(32)	(121)	(31)	(27)	(6)	(1,258)
At 31 December 2022	2,941	7,477	10,634	1,215	2,757	621	1,798	96	27,539
Additions	-	63	601	11	131	-	69	-	875
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	-	-	-	-	-	173	-	-	173
Disposals/written-off	-	-	(1,474)	-	(95)	(95)	-	-	(1,664)
Translation differences	(169)	(433)	(410)	(43)	(130)	(34)	(47)	(6)	(1,272)
<b>At 31 December 2023</b>	<b>2,772</b>	<b>7,107</b>	<b>9,351</b>	<b>1,183</b>	<b>2,663</b>	<b>665</b>	<b>1,820</b>	<b>90</b>	<b>25,651</b>
<b>Accumulated depreciation</b>									
At 1 January 2022	-	1,233	6,364	811	1,316	646	1,398	-	11,768
Depreciation	-	170	885	81	234	22	49	-	1,441
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	-	-	-	-	-	91	-	-	91
Disposals/written-off	-	-	(276)	-	(12)	(139)	-	-	(427)
Translation differences	-	(77)	(246)	(27)	(54)	(33)	(8)	-	(445)
At 31 December 2022	-	1,326	6,727	865	1,484	587	1,439	-	12,428
Depreciation	-	149	738	72	214	9	35	-	1,217
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	-	-	-	-	-	99	-	-	99
Disposals/written-off	-	-	(1,258)	-	(80)	(20)	-	-	(1,358)
Translation differences	-	(80)	(274)	(33)	(65)	(32)	(31)	-	(515)
<b>At 31 December 2023</b>	<b>-</b>	<b>1,395</b>	<b>5,933</b>	<b>904</b>	<b>1,553</b>	<b>643</b>	<b>1,443</b>	<b>-</b>	<b>11,871</b>
<b>Carrying amount</b>									
<b>At 31 December 2023</b>	<b>2,772</b>	<b>5,712</b>	<b>3,418</b>	<b>279</b>	<b>1,110</b>	<b>22</b>	<b>377</b>	<b>90</b>	<b>13,780</b>
At 31 December 2022	2,941	6,151	3,907	350	1,273	34	359	96	15,111

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation included in the consolidated statement of profit or loss and other comprehensive income as follows:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Cost of sales (Note 17)	1,099	1,283
Administrative and general expenses (Note 17)	118	158
	<u>1,217</u>	<u>1,441</u>

As at 31 December 2023, the Group's property, plant and equipment amounting to \$8,385,000 (2022 – \$8,618,000) are pledged as collaterals for bank borrowings as disclosed under Note 12. Assets under construction relate to the Group's proposed construction of staff hostel in Batu Pahat, Malaysia, awaiting approval from the Malaysian authorities.

As at 31 December 2023, the Group's land and buildings held by the Group's wholly owned subsidiaries as disclosed in property, plant and equipment (Note 3) and right-of-use assets (Note 4) mainly comprise:

- 4 plots of freehold land with land area between 400 sqm and 18,000 sqm, located in Batu Pahat, Malaysia, on which one of the Group's factory premises has been built upon;
- 4 plots of leasehold land with land area between 4,000 sqm and 15,000 sqm, located in Batu Pahat, Malaysia with remaining tenure between 16 years and 43 years (2022: 17 years and 44 years), on which the Group's factory premises are built upon;
- 2 leases of factory premises with floor area of 14,000 sqm and 18,000 sqm, respectively, located in Phnom Penh, Cambodia with remaining tenure of 1 year (2022: 2 years); and
- A lease of an office premise with floor area of less than 186 sqm, located in Singapore with remaining tenure of 2 years (2022: 1 year).

### Impairment testing of property, plant and equipment and right-of-use assets

In view of the losses sustained by the Group for the financial year ended 31 December 2023, management has assessed that there are indications of impairment for the Group's property, plant and equipment and right-of-use assets. Accordingly, the assets are tested for impairment. Management has engaged independent professional valuers to carry out valuations on the property, plant and equipment and right-of-use assets to determine their recoverable amount based on fair value less costs of disposal, having considered the appropriate professional qualifications and recent experience of the valuers in the location and category of the property, plant and equipment and right-of-use assets being valued. In determining the fair value of the assets under valuation as tabled below, the valuer used the direct comparison approach and depreciated replacement cost method of valuation. Accordingly, no impairment loss was recognised for property, plant and equipment and right-of-use assets for the current financial year since the recoverable amount is higher than the carrying amount of the assets at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the Level 3 fair value hierarchy, as well as the significant unobservable inputs used:

<u>Valuation method</u>	<u>Key unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
<b>Direct Comparison Approach</b>		
Knit Textiles Mfg. Sdn. Bhd. ("KTMSB")		<i>The estimated fair value would increase/(decrease) if:</i>
Leasehold land in Malaysia	31/12/2023 – \$14 to \$15 psf	Transacted price per square feet ("psf") of comparable properties was higher (lower); Size was smaller (larger); Tenure was longer (shorter); Land improvement was superior (inferior).
Commercial shop lot in Malaysia	31/12/2023 – \$23 psf	Transacted price per square feet ("psf") of comparable properties was higher (lower); Situating at corner (intermediate); Location was superior (inferior); Shop lot area was larger (smaller); Building condition was superior (inferior).
Plant and Machinery in Malaysia	31/12/2023 – Selling price of comparables	Country of origin was advanced (developing); Technology used/Model was superior (inferior); Market conditions was favourable (unfavourable); Year of manufacture was later (earlier).
<b>Depreciated Replacement Cost Method of Valuation</b>		
Factory building in Malaysia	Estimated building cost less 1.50% depreciation per annum	Estimated building cost of comparable properties was higher (lower).
Commercial shop lot in Malaysia	Estimated building cost less 1.50% depreciation per annum	Estimated building cost of comparable properties was higher (lower).
Plant and Machinery in Malaysia	31/12/2023 – Replacement cost of comparables	Market conditions was favourable (unfavourable); Estimated economic useful lives is longer (shorter).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Valuation techniques and significant unobservable inputs (Continued)

The following table shows the valuation techniques used in measuring the Level 3 fair value hierarchy, as well as the significant unobservable inputs used:

<u>Valuation method</u>	<u>Key unobservable inputs</u>	<u>Inter-relationship between key unobservable inputs and fair value measurement</u>
<b>Knit Textile Integrated Industries Sdn. Bhd. ("KTIISB")</b>		
<b>Direct Comparison Approach</b>		
Freehold and leasehold land in Malaysia	31/12/2023 – \$6 to \$14 psf	<i>The estimated fair value would increase/(decrease) if:</i> Transacted price per square feet ("psf") of comparable properties was higher (lower); Size was smaller (larger); Location was superior (inferior); Tenure was longer (shorter); Land improvement was superior (inferior).
Plant and Machinery in Malaysia	31/12/2023 – Selling price of comparables	Country of origin was advanced (developing); Technology used/Model was superior (inferior); Market conditions was favourable (unfavourable); Year of manufacture was later (earlier).
<b>Depreciated Replacement Cost Method of Valuation</b>		
Factory building in Malaysia	Estimated building cost less 1.50% depreciation per annum	Estimated building cost of comparable properties was higher (lower).
Plant and Machinery in Malaysia	31/12/2023 – Replacement cost of comparables	Market conditions was favourable (unfavourable); Estimated economic useful lives is longer (shorter).
<b>Santalia Kesturi Sdn. Bhd. ("SKSB")</b>		
<b>Direct Comparison Approach</b>		
Freehold land in Malaysia	31/12/2023 – \$6 psf	<i>The estimated fair value would increase/(decrease) if:</i> Transacted price per square feet ("psf") of comparable properties was higher (lower); Location was superior (inferior); Accessibility was superior (inferior); Size was smaller (larger); Shape was irregular (regular); Frontage was superior (inferior); Zoning was permissive (restrictive).
<b>Callisto Apparel (Cambodia) Co. Ltd.</b>		
<b>Direct Comparison Approach</b>		
Plant and Machinery in Cambodia	31/12/2023 – Selling price of comparables	<i>The estimated fair value would increase/(decrease) if:</i> Country of origin was advanced (developing); Technology used/Model was superior (inferior); Market conditions was favourable (unfavourable); Year of manufacture was later (earlier).
<b>Depreciated Replacement Cost Method of Valuation</b>		
Plant and Machinery in Cambodia	31/12/2023 – Replacement cost of comparables	Market conditions was favourable (unfavourable); Estimated economic useful lives is longer (shorter).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 4 RIGHT-OF-USE ASSETS

The Group	Leasehold land \$'000	Factory premises \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Total \$'000
<u>Cost</u>					
At 1 January 2022	1,693	2,758	505	362	5,318
New leases	–	66	–	255	321
End of lease	–	(2)	–	(18)	(20)
Reclassification to “property, plant and equipment” upon full repayment of lease liabilities (Note 3)	–	–	–	(91)	(91)
Translation differences	(97)	(15)	(28)	(24)	(164)
At 31 December 2022	1,596	2,807	477	484	5,364
New leases	–	178	–	–	178
End of lease	–	(2)	–	–	(2)
Reclassification to “property, plant and equipment” upon full repayment of lease liabilities (Note 3)	–	–	–	(173)	(173)
Translation differences	(90)	(56)	(28)	(26)	(200)
<b>At 31 December 2023</b>	<b>1,506</b>	<b>2,927</b>	<b>449</b>	<b>285</b>	<b>5,167</b>
<u>Accumulated depreciation</u>					
At 1 January 2022	356	1,223	28	199	1,806
Depreciation	38	575	52	69	734
End of lease	–	(2)	–	(18)	(20)
Reclassification to “property, plant and equipment” upon full repayment of lease liabilities (Note 3)	–	–	–	(91)	(91)
Translation differences	(23)	(19)	(2)	(10)	(54)
At 31 December 2022	371	1,777	78	149	2,375
Depreciation	35	570	46	85	736
End of lease	–	(2)	–	–	(2)
Reclassification to “property, plant and equipment” upon full repayment of lease liabilities (Note 3)	–	–	–	(99)	(99)
Translation differences	(22)	(24)	(5)	(9)	(59)
<b>At 31 December 2023</b>	<b>384</b>	<b>2,321</b>	<b>119</b>	<b>126</b>	<b>2,950</b>
<u>Carrying amount</u>					
<b>At 31 December 2023</b>	<b>1,122</b>	<b>606</b>	<b>330</b>	<b>159</b>	<b>2,217</b>
At 31 December 2022	1,225	1,030	399	335	2,989

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 4 RIGHT-OF-USE ASSETS (CONTINUED)

Depreciation included in the consolidated statement of comprehensive income as follows:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Cost of sales (Note 17)	528	558
Administrative and general expenses (Note 17)	208	176
	<u>736</u>	<u>734</u>

As at 31 December 2023, the Group's right-of-use assets amounting to \$877,000 (2022 – \$956,000) are pledged as collaterals for bank borrowings as disclosed under Note 12.

## 5 SUBSIDIARY

<b>The Company</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Unquoted equity investment, at cost	<u>26,400</u>	<u>26,400</u>

As at 31 December 2023, impairment test on the investment in a subsidiary was triggered due to the loss making position of the subsidiary. The subsidiary is identified as a specific cash-generating unit ("CGU"). The recoverable amount of the investment is determined based on the revalued net assets of the subsidiary at the reporting date. Based on the management's assessment, no impairment loss was recognised for the investment in a subsidiary for the current financial year since the recoverable amount is still higher than its carrying value.

The recoverable amount is determined based on fair value less cost to sell, which is based on the revalued net assets of the subsidiary. In deriving the revalued net assets of the subsidiary, the fair values of the underlying assets are estimated based on their expected selling prices or realisable amounts, and the fair values of the underlying liabilities are based on the estimated cash outflows to settle the obligations. Management had considered the underlying assets and liabilities of the investees held by the subsidiary, including the engagement of independent valuers to determine the fair values of the freehold and leasehold land and buildings located in Malaysia, and plant and machinery located in Malaysia and Cambodia.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5 SUBSIDIARY (CONTINUED)

The details of the subsidiaries are as follow:

Name	Country of incorporation/ principal place of business	Percentage of equity held		Principal activities
		2023	2022	
<u>Held by the Company</u>				
Knit Textile and Apparel Pte. Ltd. (“ <b>KTAPL</b> ”) <sup>(1)</sup>	Singapore	100	100	Investment holding
<u>Held by KTAPL</u>				
Knit Textile Holdings Sdn. Bhd. (“ <b>KTHSB</b> ”) <sup>(2)</sup>	Malaysia	100	100	Investment holding
Callisto Apparel Holdings Pte. Ltd. (“ <b>CAHPL</b> ”) <sup>(1)</sup>	Singapore	100	100	Investment holding
Moon Apparel Holdings Pte. Ltd. (“ <b>MAHPL</b> ”) <sup>(1)</sup>	Singapore	100	100	Investment holding
Knit Textile Corporation Pte. Ltd. (“ <b>KTCPL</b> ”) <sup>(1)</sup>	Singapore	100	100	Manufacturing of apparel products
Knit Textile Vietnam Company Limited (“ <b>KTVCL</b> ”) <sup>(4)</sup>	Vietnam	100	100	Management consulting services
Xentika Limited (“ <b>Xentika</b> ”) <sup>(2)</sup>	Seychelles	100	100	International business
<u>Held by KTHSB</u>				
Knit Textiles Mfg. Sdn. Bhd (“ <b>KTMSB</b> ”) <sup>(2)</sup>	Malaysia	100	100	Apparel manufacturing
Knit Textile Integrated Industries Sdn. Bhd. (“ <b>KTIISB</b> ”) <sup>(2)</sup>	Malaysia	100	100	Operation of a fabric dyeing and finishing plant
Pocketbrands. Sdn. Bhd. <sup>(6)</sup>	Malaysia	100	–	Retail sales or trading of garment
<u>Held by KTIISB</u>				
Santalia Kesturi Sdn Bhd (“ <b>SKSB</b> ”) <sup>(2)(5)</sup>	Malaysia	49	49	Property holding and investment holding
<u>Held by CAHPL</u>				
Callisto Apparel (Cambodia) Co. Ltd. <sup>(3)</sup>	Cambodia	100	100	Apparel manufacturing
<u>Held by MAHPL</u>				
Moon Apparel (Cambodia) Co. Ltd. <sup>(3)</sup>	Cambodia	100	100	Apparel manufacturing

(1) Audited by Foo Kon Tan LLP

(2) Audited by a member firm of HLB International, HLB Ler Lum Chew PLT

(3) Audited by BG Associates Ltd, a member firm of Moore Global Network Limited

(4) Audited by Thuy Chung Auditing Ltd., a member firm of Great South Auditing & Information Technology Solution Co., Ltd.

(5) Although the Group owns only 49% of the voting rights of SKSB, the Group is exposed to and has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity through its control of the composition of the board of directors by virtue of the shareholders’ agreements. Consequently, management consolidates the investment in this entity as a subsidiary of the Group.

(6) Incorporated in Malaysia in the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 6 DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	<b>At 1 January \$'000</b>	<b>Recognised in profit or loss \$'000</b>	<b>At 31 December \$'000</b>
		(Note 18)	
<b>At 31 December 2023</b>			
<b>Deferred tax liabilities</b>			
Property, plant and equipment	–	(10)	(10)
<b>Deferred tax assets</b>			
Property, plant and equipment	105	204	309
	<u>105</u>	<u>194</u>	<u>299</u>
<b>At 31 December 2022</b>			
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(37)	37	–
<b>Deferred tax assets</b>			
Property, plant and equipment	56	49	105
	<u>19</u>	<u>86</u>	<u>105</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

As at reporting date, no deferred tax liabilities has been recognised for the withholding tax that will be payable on unremitted earnings of the Malaysian and Cambodian subsidiaries when remitted as dividends to the Company, as the Group is in a position to control the timing of the receipt of the distributable earnings.

As at 31 December 2023, no deferred tax liabilities have been recognised as dividends declared by the Malaysian-incorporated subsidiaries would be tax-exempt; and other subsidiaries do not have undistributed earnings, respectively.

## 7 INVENTORIES

<b>The Group</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Raw materials, at cost	5,993	5,075
Work-in-progress, at cost	3,349	1,997
Finished goods, at cost	3,200	4,265
	<u>12,542</u>	<u>11,337</u>

The cost of inventories recognised as an expense and included in “cost of sales” line item in the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023 amounted to \$50,198,000 (2022 – \$59,171,000).

There was no write-down in value of inventories nor inventories write-off during the current and previous financial years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables	17,275	13,526	-	-
Allowance for impairment loss	(222)	(364)	-	-
Net trade receivables	17,053	13,162	-	-
Other receivables	62	41	269	286
Deposits	890	885	-	1
Financial assets at amortised cost	18,005	14,088	269	287
Prepayments	202	223	11	5
Net input GST/VAT recoverable	288	219	2	2
	<u>18,495</u>	<u>14,530</u>	<u>282</u>	<u>294</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) credit term.

The movement of allowance for impairment losses is as follows:

The Group	2023 \$'000	2022 \$'000
At the beginning of the year	364	649
Impairment loss recognised	38	289
Impairment loss reversed	(100)	(129)
Impairment loss (reversed)/recognised, net	(62)	160
Impairment loss utilised	(80)	(445)
At the end of the year	<u>222</u>	<u>364</u>

The Company's other receivables are due from subsidiaries which comprise unsecured, non-trade, non-interest bearing advances extended to subsidiaries and are repayable on demand.

Trade and other receivables (excluding prepayments and net input GST/VAT recoverable) are denominated in the following currencies:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	32	38	269	287
United States dollar	17,499	13,589	-	-
Malaysian ringgit	474	461	-	-
	<u>18,005</u>	<u>14,088</u>	<u>269</u>	<u>287</u>

The Group's and the Company's exposure to credit risk is disclosed in Note 22 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 9 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash on hand	34	16	–	–
Cash at bank	5,923	4,950	16	36
Fixed deposits	1,869	1,348	–	–
Cash and cash equivalents	7,826	6,314	16	36
Less: Deposits pledged	(1,869)	(1,348)		
Cash and cash equivalents in the statement of cash flows	5,957	4,966		

As at 31 December 2023, fixed deposits of the Group amounting to \$1,869,000 (2022 – \$1,348,000) are pledged to secure bank borrowings (refer Note 12).

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	77	107	16	36
United States dollar	5,536	4,681	–	–
Malaysian ringgit	2,184	1,522	–	–
Others	29	4	–	–
	7,826	6,314	16	36

The Group's and Company's exposure to credit risks, interest rate risks and currency risks is disclosed in Note 22.

## 10 SHARE CAPITAL

The Company	Number of ordinary shares '000	Amount \$'000
<b>Ordinary shares issued and fully paid with no par value:</b>		
At 1 January 2022, at 31 December 2022 and <b>31 December 2023</b>	169,682	33,201

The holders of ordinary shares are entitled to receive dividends as and when declared from time to time and are entitled to one vote per share at the meetings of the Company. All share rank equally with regards to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11 RESERVES

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Capital reserve	571	571	571	571
Merger reserve	(20,106)	(20,106)	-	-
Translation reserve	(2,405)	(1,218)	-	-
Retained earnings/(accumulated losses)	8,323	10,292	(8,832)	(8,667)
	<u>(13,617)</u>	<u>(10,461)</u>	<u>(8,261)</u>	<u>(8,096)</u>

### Capital reserve

The capital reserve represents (i) the gain on extinguishment of the amounts owing to the then controlling shareholder of the Company; and (ii) transactions entered between the Company and the current controlling shareholder on the acquisition of KTAPL, respectively.

### Merger reserve

The merger reserve represents the differences between the cost of investment recorded at the fair value of the equity shares issued by the Company and the share capital of the entity under common control.

### Translation reserve

The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

## 12 BORROWINGS

The Group	Maturity of borrowings	2023 \$'000	2022 \$'000
<b>Secured</b>			
Term loans:			
- Floating rate	2023 - 2033	700	2,063
		700	2,063
Other short-term loans:			
- Trust receipts	On demand	9,250	7,700
- Bankers' acceptance	On demand	3,877	2,228
- Invoice financing	On demand	2,508	426
		<u>15,635</u>	<u>10,354</u>
		<u>16,335</u>	<u>12,417</u>
 <u>Presented as:</u>			
Non-current		571	739
Current		<u>15,764</u>	<u>11,678</u>
		<u>16,335</u>	<u>12,417</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 12 BORROWINGS (CONTINUED)

Borrowings are denominated in the following currencies:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
United States dollar	11,168	9,033
Malaysian ringgit	5,167	3,384
	<u>16,335</u>	<u>12,417</u>

The weighted average effective interest rates at the reporting date for bank loans are as follows:

<b>The Group</b>	<b>2023</b> <b>%</b>	<b>2022</b> <b>%</b>
Trust receipts	4.80% – 7.94%	0.77% – 7.05%
Bankers' acceptances	3.57% – 5.05%	3.14% – 5.10%
Invoice financing	7.19% – 7.27%	1.96% – 6.56%
Term loans	<u>1.91% – 6.31%</u>	<u>1.91% – 6.12%</u>

The remaining maturities of the bank loans at the end of the reporting period are as follows:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
On demand or within one year	15,764	11,678
More than 1 year but less than 2 years	51	130
More than 2 years but less than 5 years	173	159
More than 5 years	347	450
	<u>16,335</u>	<u>12,417</u>

The secured term loans of the Group are secured by legal charges over the Group's freehold land and buildings, leasehold land and pledged deposits as disclosed in Note 3, 4 and 9 respectively.

The carrying amounts of short-term borrowings and those repayable on demand approximate their fair values. The carrying amounts and fair values of long-term borrowings at the end of the reporting period are as follows:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Term loan		
– Carrying amount	<u>571</u>	<u>739</u>

The carrying value of long-term borrowing is an approximation to their fair values since these are floating rate instruments that are re-priced to market interest rates on or near the reporting date. The interest rate changes based on the contractual repricing dates at the end of the reporting period is 6 months to 1 year. The fair values are determined from the discounted cash flow analysis, using the discount rates of 4.49% – 5.10% (2022: 3.63% – 5.10%) based on the borrowing rates which the directors expect would be available to the Group at the end of the reporting period.

During the year, one of the subsidiaries had breached its loan covenant as the consolidated gross debt to earnings before interest, taxes, depreciation and amortization ratio is not maintained. The related bank borrowing of \$81,673 was classified within current liability on the statement of financial position. However, the outstanding balance of this particular borrowing had been subsequently settled after the year end.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 13 LEASE LIABILITIES

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Undiscounted lease payments due:		
– Within one year	914	999
– In the second to fifth year inclusive	365	1,210
	<u>1,279</u>	<u>2,209</u>
Less: Future interest costs	(255)	(455)
	<u>1,024</u>	<u>1,754</u>
Presented as:		
– Non-current	217	948
– Current	807	806
	<u>1,024</u>	<u>1,754</u>

Lease liabilities are denominated in the following currencies:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Singapore dollar	135	89
United States dollar	593	1,130
Malaysian ringgit	296	535
	<u>1,024</u>	<u>1,754</u>

The Group's lease liabilities are secured by the lessors' title to the leased assets.

The Group leases factory premises, plant and machinery and motor vehicles for operation purposes.

Total cashflows for all leases in the current financial year amounted to \$1,037,000 (2022 – \$970,000).

Interest expense on lease liabilities of \$129,000 (2022 – \$229,000) is recognised within "finance costs" in the consolidated statement of profit or loss and other comprehensive income.

In the current financial year, there were no leases of low-value assets nor short-term leases recognised in the consolidated statement of profit or loss and other comprehensive income.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade payables	13,157	7,791	2	5
Amounts due to directors/shareholders (non-trade)	1,197	1,610	–	–
Amount due to subsidiaries (non-trade)	–	–	1,595	1,438
Accrued operating expenses	1,622	1,417	152	173
Accrued salaries and wages	1,391	1,236	9	9
Other payables	1,218	1,212	–	–
Miscellaneous creditors	281	231	–	–
Financial liabilities at amortised cost	18,866	13,497	1,758	1,625
Provision for sales rebates	81	287	–	–
	<u>18,947</u>	<u>13,784</u>	<u>1,758</u>	<u>1,625</u>

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 120 days (2022 – 30 to 120 days).

The non-trade amounts due to directors/shareholders and subsidiaries are loan advances which are unsecured, interest-free and repayable on demand.

Provision for sales rebate relate to rebates extended to a customer of the Group which will be set-off against future invoices for meeting contractually agreed sales volumes. The movement during the year is summarised as follows:

The Group	2023 \$'000	2022 \$'000
At 1 January	287	459
Provision for the year	81	287
Provision utilised	(287)	(459)
At 31 December	<u>81</u>	<u>287</u>

Financial liabilities at amortised cost are denominated in the following currencies:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore dollar	1,872	1,743	1,758	1,625
United States dollar	12,486	11,154	–	–
Malaysian ringgit	4,508	600	–	–
	<u>18,866</u>	<u>13,497</u>	<u>1,758</u>	<u>1,625</u>

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 22.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 15 REVENUE

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Sale of goods, at a point in time	88,720	106,294

## 16 FINANCE COSTS

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Interest expenses on:		
– Term loans	86	116
– Other short-term loans	921	592
– Lease liabilities	129	229
	<u>1,136</u>	<u>937</u>

## 17 (LOSS)/PROFIT BEFORE TAXATION

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<b>Included in “other income”:</b>		
Bad debts recovered	5	188
Gain on disposal of property, plant and equipment	–	7
Interest income	62	33
<b>Included in “cost of sales”:</b>		
Depreciation of property, plant and equipment (Note 3)	1,099	1,283
Depreciation of right-of-use assets (Note 4)	528	558
Cost of goods purchased (Note 7)	50,198	59,171
Freight and delivery charges	1,625	1,838
Repair and maintenance costs	931	947
Salary and related costs	12,217	12,334
Defined contribution plan	813	660
	13,030	12,994
Subcontractor charges	9,102	10,648
Utility charges	1,717	1,532

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 17 (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<b>Included in "administrative and general expenses":</b>		
Depreciation of property, plant and equipment (Note 3)	118	158
Depreciation of right-of-use assets (Note 4)	208	176
Directors' fees	70	115
Foreign exchange losses, net	397	1,617
Repair and maintenance costs	118	144
Legal and professional fees	551	677
Salary and related costs*	3,597	3,951
Defined contribution plan*	301	337
	3,898	4,288
Loss on disposal of property, plant and equipment	226	–
Travelling and transport expenses	15	39
Utility charges	107	71
<b>Included in "selling and marketing expenses":</b>		
Entertainment expenses	78	76
Travelling and transport expenses	188	111
Sampling and commission paid	1,479	1,444
Air freight	13	–

\* Included in the above is key management personnel compensation, excluding directors' fees paid to non-executive directors, which is disclosed in Note 20.

## 18 TAXATION

The tax expense on results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax as a result of the following:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Current tax expense		
– Current year	470	1,087
– Over provision in respect of prior years	(107)	(128)
	363	959
Deferred tax credit (Note 6)		
– Origination and reversal of temporary differences	(194)	(86)
	169	873

### **Reconciliation of effective rate**

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
(Loss)/Profit before taxation	(1,783)	4,356
Tax at domestic rates applicable to countries in which the Group entities operate	170	1,006
Income not subject to tax	–	(53)
Non-deductible expenses	106	48
Over provision in respect of prior years	(107)	(128)
	169	873

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 18 TAXATION (CONTINUED)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The tax rates of the major jurisdictions that the Group operates in are as follows:

<b>The Group</b>	<b>2023</b> %	<b>2022</b> %
Cambodia	20	20
Malaysia	24	24
Seychelles	–	–
Singapore	17	17
Vietnam	20	20

Non-deductible expenses mainly relate to depreciation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business, while income not subject to tax relates to wage subsidies received from the Government of Malaysia.

## 19 (LOSS)/EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The number of ordinary shares outstanding from the completion date to the end of the period is the weighted average number of ordinary shares of the Company outstanding during the period.

<b>The Group</b>	<b>2023</b>	<b>2022</b>
(Loss)/Profit for the year attributable to owners of the Company (\$'000)	(1,969)	3,464
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	169,682	169,682
Basic and diluted (loss)/earnings per share (cents)	(1.16)	2.04

Diluted (loss)/earnings per share are the same as basic earnings per shares as there were no potential dilutive ordinary shares existing during the current and prior periods.

## 20 RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors are considered as key management personnel of the Group.

The key management personnel compensation comprises:

<b>The Group</b>	<b>2023</b> \$'000	<b>2022</b> \$'000
Short term employee benefits	1,035	1,175
Contributions to defined contribution plans	118	131
	1,153	1,306

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 21 OPERATING SEGMENTS

The Group is engaged in the apparel manufacture and trading business. Management has determined the operating segment based on the reports reviewed by the chief operating decision maker. For management purposes, the Group is organised into business units based on its services and has one reportable operating segment – the Apparel business segment.

Information reported to the Group's management for the purpose of resources allocation and performance assessment represents the operating results of the Group as a whole because the Group's resource are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Management considers the business from both geographical and business segment perspective. Geographically, management manages and monitors the business from Malaysia.

The Apparel business segment relates to revenue generated from the manufacture and sale of apparel products to customers located in the United States, United Kingdom, Canada, European Union, Malaysia and other countries.

### Geographical Information

For management purposes, revenue and non-current assets are grouped into country or region that exhibit similar economic environment. Revenue and non-current assets information based on the geographical location of customers and assets respectively is as follows:

<b>The Group</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
United Kingdom	30,622	44,053
United States	35,965	28,801
European Union	16,261	18,951
Canada	3,584	10,959
Malaysia	1,063	1,819
Others	1,225	1,711
	<u>88,720</u>	<u>106,294</u>

Included in the Group's consolidated revenue are sales of approximately \$66.6 million (2022 – \$55.7 million) to 3 customers (2022 – 3 customers) who contributed at least 10% of the Group's revenue each for FY2023 and FY2022 respectively.

The Group trades with customers in the countries shown above. In presenting information on the basis of geographical segments, segment revenue is based on the countries in which customers are invoiced.

<b>The Group</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current assets</b>		
Malaysia	13,694	14,926
Cambodia	2,467	3,180
Singapore	145	99
	<u>16,306</u>	<u>18,205</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 21 OPERATING SEGMENTS (CONTINUED)

### Geographical Information (Continued)

Non-current assets information presented above consists of the following items as presented in the consolidated statement of financial position:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Property, plant and equipment	13,780	15,111
Right-of-use assets	2,217	2,989
Deferred tax assets	309	105
	<u>16,306</u>	<u>18,205</u>

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

### **Credit risk**

Credit risk refers to the risk that counterparties may default on their contractual obligations resulting in financial loss to the Group.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all new customers.

The carrying amounts of the financial assets in the statement of financial position represent the Group's maximum exposure to credit risk before taking into account any collateral held. The Group and the Company do not require any collateral in respect of their financial assets.

At reporting date, the Group has concentration of credit risk with 3 customers (2022 – 3 customers) accounting for approximately 75% (2022 – 74%) of the total trade receivables.

The Group uses an allowance matrix to measure the ECLs of trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Credit risk (Continued)

As at the end of the reporting period, the age analysis of trade receivables past due but not impaired was as follows:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Past due less than 1 month	2,652	2,057
Past due 1 to 2 months	117	92
Past due over 2 to 3 months	52	9
Past due over 3 months	15	8

Loss rates are based on actual credit loss experience over the past three years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. These scalar factors are calculated using statistical models that determine numeric correlation of loss rates with relevant economic variables. The expected credit losses recognised during the financial year is disclosed in Note 8 to the financial statements.

Cash and cash equivalents are held with reputable banks and financial institutions which are regulated. Cash and cash equivalents are subject to immaterial credit loss.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group is exposed to changes in interest rates primarily due to the Group's loans and borrowings which are subject to variable interest rates. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<b>Fixed rate instruments</b>		
Trust receipts (Note 12)	9,250	7,700
Bankers' acceptance (Note 12)	3,877	2,228
Invoice financing (Note 12)	2,508	426
Fixed deposits (Note 9)	(1,869)	(1,348)
	<u>13,766</u>	<u>9,006</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Interest rate risk (Continued)

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

<b>The Group</b>	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<b>Variable rate instruments</b>		
Floating rate loans (Note 12)	700	2,063

### Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss and other comprehensive income.

### Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a 100 basis points ("bp") change in interest rates at the reporting date would not have a material impact on the (loss)/profit before tax and equity. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's policy is to obtain the most favourable interest rates available without increasing its interest exposure.

### Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's entities are exposed to foreign currency risk on trade and other receivables, cash and cash equivalents, borrowings and trade and other payables that are denominated in currencies other than their respective functional currencies. The currency giving rise to this risk is mainly United States dollar ("USD").

There is no formal hedging policy with respect to the foreign exchange exposure. Exposure to exchange risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Foreign currency risk (Continued)

The Group's exposure to foreign currency risk is as follows:

<b>The Group</b>	<b>2023 USD \$'000</b>	<b>2022 USD \$'000</b>
Trade and other receivables	9,509	10,707
Cash and cash equivalents	4,150	3,825
Borrowings	(11,168)	(9,033)
Trade and other payables	(6,723)	(7,420)
Net currency exposure	<u>(4,232)</u>	<u>(1,921)</u>
<u>Sensitivity analysis</u>		
Strengthened by 10% (2022 – 10%)	(423)	(192)
Weakened by 10% (2022 – 10%)	<u>423</u>	<u>192</u>

A 10% strengthening/weakening of the USD against the functional currencies of the respective entities within the Group at the reporting date would (decrease)/increase the results before tax by the amounts above.

This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables in particular interest rates, remain constant. The analysis is performed on the same basis for 2023 and 2022, albeit that the reasonably possible foreign exchange rate variances may have been different.

### Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

To ensure the continuity of funding, the Group's policy is to use a mix of long-term and short-term financing. Short-term funding is obtained through bankers' acceptance, invoice financing and trust receipts. Long-term funding is primarily used for acquisition of property, plant and equipment. The Group evaluates various alternative financing arrangements to balance its debt leverage.

The Group monitors current and expected liquidity requirements to ensure that it maintains sufficient working capital and adequate external financing to meet its liquidity requirements in the short and longer term. The sources of liquidity and funding available to the Group are the financing from various financial institutions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Liquidity risk (Continued)

#### Analysis of financial instruments by remaining contractual maturities

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude impact of netting agreements:

	Carrying amount \$'000	Contractual undiscounted cash flows			More than 5 years \$'000
		Total \$'000	Within 1 year \$'000	Between 2 and 5 Years \$'000	
<b>The Group</b>					
<b>31 December 2023</b>					
Term loans – Floating rate (Note 12)	700	905	167	340	398
Other short-term loans (Note 12)	15,635	15,635	15,635	–	–
Lease liabilities (Note 13)	1,024	1,279	914	365	–
Trade and other payables (Note 14) <sup>(1)</sup>	18,866	18,866	18,866	–	–
	<u>36,225</u>	<u>36,685</u>	<u>35,582</u>	<u>705</u>	<u>398</u>

(1) Excluded provision for sales rebates

#### **31 December 2022**

Term loans – Floating rate (Note 12)	2,063	2,285	1,324	423	538
Other short-term loans (Note 12)	10,354	10,354	10,354	–	–
Lease liabilities (Note 13)	1,754	2,209	999	1,210	–
Trade and other payables (Note 14) <sup>(1)</sup>	13,497	13,497	13,497	–	–
	<u>27,668</u>	<u>28,345</u>	<u>26,174</u>	<u>1,633</u>	<u>538</u>

(1) Excluded provision for sales rebates

#### **The Company**

#### **31 December 2023**

Trade and other payables (Note 14)	<u>1,758</u>	<u>1,758</u>	<u>1,758</u>	<u>–</u>	<u>–</u>
<b>31 December 2022</b>					
Trade and other payables (Note 14)	<u>1,625</u>	<u>1,625</u>	<u>1,625</u>	<u>–</u>	<u>–</u>

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity. The cash outflows disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 23 FINANCIAL INSTRUMENTS BY CATEGORY

### Fair values

The carrying amounts of the financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The Group and the Company does not anticipate that the carrying amounts recorded at end of the reporting year would be significantly different from the values that would eventually be received or settled.

The fair values of the Group's non-current borrowings are disclosed in Note 12 to the financial statements.

### Lease liabilities

The fair value disclosure of lease liabilities is not required.

### Accounting classification of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Financial assets</b>				
Trade and other receivables (Note 8) <sup>(1)</sup>	18,005	14,088	269	287
Cash and cash equivalents (Note 9)	7,826	6,314	16	36
	<u>25,831</u>	<u>20,402</u>	<u>285</u>	<u>323</u>
<b>Financial liabilities</b>				
Borrowings (Note 12)	16,335	12,417	–	–
Lease liabilities (Note 13)	1,024	1,754	–	–
Trade and other payables (Note 14) <sup>(2)</sup>	18,866	13,497	1,758	1,625
	<u>36,225</u>	<u>27,668</u>	<u>1,758</u>	<u>1,625</u>

(1) Excluded prepayments and net input GST/VAT receivables

(2) Excluded provision for sales rebates

## 24 CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are:

- To safeguard the Group's and the Company's ability to continue as a going concern;
- To support the Group's and the Company's stability and growth; and
- To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group and the Company currently do not adopt any formal dividend policy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 24 CAPITAL MANAGEMENT (CONTINUED)

The Group and the Company monitor capital using Gearing Ratio, which is net debt divided by total capital. Total capital represents net debt plus total equity attributable to owners of the Company. Net debt represents total borrowings less cash and bank balances.

There were no changes in the Group's and the Company's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements except for 3 (2022: 2) subsidiaries whose loan facilities require them to maintain their financial position in excess of specified financial thresholds at all times.

The gearing ratio is calculated as net debt divided by total capital as follows:

	The Group		The Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Borrowings (Note 12)	16,335	12,417	–	–
Lease liabilities (Note 13)	1,024	1,754	–	–
Trade and other payables (Note 14)	18,947	13,784	1,758	1,625
Less: Cash and bank balances (Note 9)	(7,826)	(6,314)	(16)	(36)
Net debt	28,480	21,641	1,742	1,589
Total equity attributable to owners of the Company	19,584	22,740	24,940	25,105
Total capital	48,064	44,381	26,682	26,694
Net debt-to-adjusted capital ratio	59%	49%	7%	6%

# SHAREHOLDING STATISTICS

## SHARE CAPITAL INFORMATION

Issued and fully paid-up capital	:	\$33,201,000.00
Number of Shares	:	169,681,544
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per share

The Company does not have any treasury shares and subsidiary holdings.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 23 May 2024, approximately 21.17% of the issued Ordinary Shares of the Company is being held by the public and therefore, Rule 723 of Section B: Rules of Catalist of the SGX-ST Listing Manual (the “**Catalist Rules**”) has been complied with.

## SUBSTANTIAL SHAREHOLDERS AS AT 23 MAY 2024

	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
Lim Siau Hing @ Lim Kim Hoe <sup>(1)</sup>	47,750,000	28.14	85,000,000	50.09
Lim Vhe Kai <sup>(2)</sup>	–	–	85,000,000	50.09
Wyandotte Capital Limited	85,000,000	50.09	–	–

Notes:

- (1) Pursuant to Section 4 of the Securities and Futures Act 2001, Lim Siau Hing @ Lim Kim Hoe is treated as having an interest in the shares of KTMG Limited held by Wyandotte Capital Limited because the entire issued and paid-up share capital of Wyandotte Capital Limited is held by Lion Trust (Singapore) Limited for a family trust of which Lim Siau Hing @ Lim Kim Hoe is a beneficiary.
- (2) Pursuant to Section 4 of the Securities and Futures Act 2001, Lim Vhe Kai is treated as having an interest in the shares of KTMG Limited held by Wyandotte Capital Limited because the entire issued and paid-up share capital of Wyandotte Capital Limited is held by Lion Trust (Singapore) Limited for a family trust of which Lim Vhe Kai is a beneficiary.

# SHAREHOLDING STATISTICS

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 23 MAY 2024

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-99	2,658	62.42	74,539	0.04
100-1,000	1,350	31.71	414,588	0.25
1,001-10,000	189	4.44	513,901	0.30
10,001-1,000,000	53	1.24	5,472,488	3.23
1,000,001 and above	8	0.19	163,206,028	96.18
Total	<b>4,258</b>	<b>100.00</b>	<b>169,681,544</b>	<b>100.00</b>

## LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 23 MAY 2024

No.	Name	No. of Shares	%
1	WYANDOTTE CAPITAL LIMITED	85,000,000	50.09
2	LIM SIAU HING @ LIM KIM HOE	47,750,000	28.14
3	UOB KAY HIAN PTE LTD	12,211,561	7.20
4	FORTUNA DEVELOPMENT PRIVATE LIMITED	7,618,707	4.49
5	YANG SU HUA	3,950,000	2.33
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,014,159	1.78
7	SUN JIANWEI	2,500,000	1.47
8	DBS NOMINEES PTE LTD	1,161,601	0.68
9	YEO CHUN HEONG	1,000,000	0.59
10	GOH YEOW TIN	503,857	0.30
11	YAP BOH PIN	500,000	0.29
12	KONG CHEE KEONG	300,000	0.18
13	LIAN YU HOLDINGS PTE LTD	250,000	0.15
14	PHILLIP SECURITIES PTE LTD	237,708	0.14
15	ABN AMRO CLEARING BANK N.V.	213,350	0.13
16	CHONG KAR HUA	200,000	0.12
17	GOH BOON CHYE	200,000	0.12
18	LIM YING HUI	200,000	0.12
19	PRISCILLA TAN KIM HUA	200,000	0.12
20	TAN KOK SEONG	200,000	0.12
	Total:	<b>167,210,943</b>	<b>98.54</b>



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the Company will be held at ACC EduHub 51 Cuppage Road, #03-03, Princeton Room, Singapore 229469 on Tuesday, 25 June 2024 at 10:00 a.m. to transact the following business:–

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 and the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr Lim Siau Hing @ Lim Kim Hoe as a Director of the Company pursuant to Regulations 118 and 119 of the Company’s Constitution.  
*[See Explanatory Note 1]* **(Resolution 2)**
3. To appoint Mr Ooi Jit Huat as a Director of the Company pursuant to Regulation 90 of the Company’s Constitution.  
*[See Explanatory Note 2]* **(Resolution 3)**
4. To appoint Mr Lau Ping as a Director of the Company pursuant to Regulation 90 of the Company’s Constitution.  
*[See Explanatory Note 3]* **(Resolution 4)**
5. To note the retirement of the following Directors of the Company upon the conclusion of this AGM:–
  - a. Mr Goh Yeow Tin  
Upon the retirement of Mr Goh Yeow Tin as Director of the Company, he will be relinquishing his position as the Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.
  - b. Mr Yap Boh Pin  
Upon the retirement of Mr Yap Boh Pin as Director of the Company, he will be relinquishing his position as the Independent Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.
6. To approve the Directors’ fees of S\$85,000 for the financial year ended 31 December 2023. (31 December 2022: S\$85,000) **(Resolution 5)**
7. To re-appoint Messrs Foo Kon Tan LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:–

### 8. RENEWAL OF SHARE ISSUE MANDATE

“That pursuant to Section 161 of the Companies Act 1967 and subject to Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and/or

## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) make or grant offers, agreements or options or convertible securities (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares:

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit;

- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force), issue Shares in pursuance of any instrument made or granted by the Directors while this Resolution was in force, provided always that:

- (i) the aggregate number of Shares and convertible securities to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), and provided further that where shareholders of the Company (“**Shareholders**”) are not given the opportunity to participate in the same on a pro-rata basis, then the Shares and convertible securities to be issued under such circumstances shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

- (ii) (subject to manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the time of passing of this Resolution, after adjusting for:

- (1) new Shares arising from the conversion or exercise of convertible securities,
- (2) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
- (3) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with (1) or (2) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and
- (iv) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

**(Resolution 7)**

*[See Explanatory Note 4]*

# NOTICE OF ANNUAL GENERAL MEETING

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## ANY OTHER BUSINESS

9. To transact any other business which may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Pan Mi Keay  
Company Secretary  
10 June 2024

## Explanatory Notes:-

1. Mr Lim Siau Hing @ Lim Kim Hoe, upon re-election as a Director of the Company, will continue to serve as Executive Chairman of the Board. Mr Lim Siau Hing @ Lim Kim Hoe (Executive Chairman) is the father of Mr Lim Vhe Kai (Executive Director and Chief Executive Officer) of the Company.

Detailed information of Mr Lim Siau Hing @ Lim Kim Hoe can be found under the “Board of Directors” and “Statement of Corporate Governance” sections in the Company’s Annual Report 2023.

2. Mr Ooi Jit Huat will, upon appointment as an Independent Director of the Company, serve as the Chairman of the Audit Committee as well as a member of the Nominating Committee and the Remuneration Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr Ooi Jit Huat pursuant to Rule 720(5) of the Catalist Rules can be found in the “Statement of Corporate Governance” section in the Company’s Annual Report 2023.
3. Mr Lau Ping will, upon appointment as an Independent Director of the Company, serve as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. He is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr Lau Ping pursuant to Rule 720(5) of the Catalist Rules can be found in the “Statement of Corporate Governance” section in the Company’s Annual Report 2023.
4. The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this meeting until the date of the next AGM of the Company, or the date by which the next AGM is required by law to be held or when varied or revoked by the Company in the general meeting, whichever is the earlier, to allot and issue shares and/or convertible securities in the Company at any time. The number of shares and/or convertible securities that the Directors may allot and issue under this resolution shall not exceed 100% of the issued share capital (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time the resolution is passed.

## Notes:-

1. The AGM of the Company will be held physically with no option for members to participate virtually. Printed copies of the Annual Report 2023 will not be sent to members. Instead, the Annual Report 2023 will be sent to members by electronic means via an announcement on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at the Company’s website at the URL <https://www.ktmg.sg/announcements>.
2. Printed copies of this Notice of AGM, the Proxy Form, and Request Form will be sent to members by post. The Proxy Form, and Request Form may be downloaded from the Company’s website at the URL <https://www.ktmg.sg/announcements> or, the SGXNet. For Shareholders who prefer to receive a printed copy of the Annual Report 2023, please refer to the Request Form on how to make a request.
3. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask question relating to the items on the agenda of the AGM by:-
  - submitting question via mail to the Company’s corporate office at 5 Harper Road #04-03 Singapore 369673 or email to [ir@ktmg.sg](mailto:ir@ktmg.sg) in advance of the AGM latest by 18 June 2024 at 10.00 a.m.; or
  - “live Question and Answer” at the physical AGM.

# NOTICE OF ANNUAL GENERAL MEETING

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When sending questions, members should also provide their full name as it appears on the CDP/CPF/SRS records, address, contact number, email address, number of shares in the Company and the manner in which the shares are held in the Company (e.g., via CDP, CPF or SRS) for verification.

Shareholders are encouraged to submit their questions latest by 18 June 2024 at 10.00 a.m., as this will allow the Company sufficient time to address and respond to these questions on 20 June 2024 after trading hours (at least 48 hours prior to the closing date and time for the lodgment of the proxy form). The responses will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

4. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy to attend, speak and vote at the AGM, he shall specify in the form of proxy the proportion of the shareholding concerned to be represented by each proxy.
5. A member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number or the proportion of shareholdings in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

6. A proxy need not be a Member of the Company.
7. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
  - (a) if sent personally or by post, must be left at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
  - (b) if submitted by email, be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com)

in either case, by 10.00 a.m. on 22 June 2024.

A member who wishes to submit an instrument of proxy must download the proxy form, then complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. Investors who hold their shares through relevant intermediaries (including CPF or SRS investors) and who wish to exercise their votes by appointing the AGM Chairman as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Operators) to submit their voting instructions at least seven (7) working days prior to the date of the AGM.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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This notice has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). This notice has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Ms. Charmian Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

## PROXY FORM

### KTMG LIMITED

(Incorporated in the Republic of Singapore)  
(Registration No. 197401961C)

#### IMPORTANT

1. The Annual General Meeting ("AGM") is being convened and will be held physically with no option for shareholders to participate virtually. This Notice of AGM and the accompanying proxy form will be made available by electronic means via publication on the Company's website at the URL <https://www.ktmg.sg/announcements>, as well as on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of this Notice, Proxy Form and Annual Report Request Form will be sent to members.
2. This Proxy Form is not valid for use by CPF investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.
4. CPF/SRS investors who wish to appoint proxy(ies) should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 June 2024.
6. Please read the notes overleaf which contain instructions.

I/We, ..... (Name) NRIC/Passport No./Company  
Registration No. .... of .....  
..... (Address) being a member/members  
of KTMG LIMITED (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings to be represented by proxy (%)

as my proxy/our proxies, to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at ACC EduHub 51 Cuppage Road, #03-03, Princeton Room, Singapore 229469 on Tuesday, 25 June 2024 at 10:00 a.m. and at any adjournment thereof.

I/We direct my proxy/our proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

Voting will be conducted by poll. Please indicate your vote "For" or "Against" with a tick (X) within the box provided.

No.	Ordinary Resolutions	For	Against	Abstain
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2023 and the Auditors' Report thereon.			
2.	To re-elect Mr Lim Siau Hing @ Lim Kim Hoe, a Director retiring pursuant to Regulations 118 and 119 of the Company's Constitution.			
3.	To appoint Mr Ooi Jit Huat as the Director of the Company pursuant to Regulation 90 of the Company's Constitution.			
4.	To appoint Mr Lau Ping as the Director of the Company pursuant to Regulation 90 of the Company's Constitution.			
5.	To approve the Directors' fees of S\$85,000 for the financial year ended 31 December 2023. (31 December 2022: S\$85,000)			
6.	To re-appoint Foo Kon Tan LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
7.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
Signature of Shareholder(s) or,  
Common Seal of Corporate Shareholder

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM**

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
  2. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy to attend, speak and vote at the AGM, he shall specify in the form of proxy the proportion of the shareholding concerned to be represented by each proxy.
  3. A member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
- "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
4. A proxy need not be a Member of the Company.

*Fold along this line*

**Affix  
Postage  
Stamp  
Here**

**KTMG LIMITED**  
Company's Share Registrar  
Tricor Barbinder Share Registration Services  
9 Raffles Place  
#26-01 Republic Plaza  
Singapore 048619

*Fold along this line*

5. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
  - (a) if sent personally or by post, must be left at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619; or
  - (b) if submitted by email, be received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at [sg.is.proxy@sg.tricorglobal.com](mailto:sg.is.proxy@sg.tricorglobal.com)in either case, by 10.00 a.m. on 22 June 2024.

A member who wishes to submit an instrument of proxy must download the proxy form, then complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Personal Data Protection:**

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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