



---

**RESPONSES TO QUESTIONS RECEIVED FOR ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (“FY2019”)**

---

The Board of Directors (the “**Board**” or “**Directors**”) of KTMG Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s annual report for FY2019 and the notice of annual general meeting dated 4 June 2020. The Company has received several queries from shareholders which substantively relate to the following, and to which the Company wishes to provide its responses:

**Q1. In view of the current Pandemic, Covid-19, what is the impact to the company in the next 12 months?**

**Response:**

The Company refers to its earlier announcements dated 18 March 2020, 26 March 2020, 14 April 2020 and 28 April 2020 in relation to the Movement Control Order imposed by the Government of Malaysia (the “**Announcements**”). The Group’s apparel and textile manufacturing business has been affected by Malaysia’s Movement Control Order due to the temporary closure of its Operations Head Office, Textile and Apparel Manufacturing Facilities and the overall dampening effect on the global economy of the Covid-19 pandemic. The Group expects that its cash flows, financial position and earnings per share for the current financial year ending 31 December 2020 (“**FY2020**”) to be negatively affected, due to the delay in the delivery of its orders, and payment of fixed costs obligations such as wages and overhead, as well as expectations of a longer accounts receivable collection period.

However, due to fluidity of the Covid-19 pandemic globally, the Group expects its effects to continue evolving in the next 12 months, and the overall global business environment to remain challenging. Nonetheless, we remain hopeful that demand is expected to improve as some of our customers have progressively reopened their stores following the gradual lifting of lockdowns in their respective countries.

Moving forward, the Group’s cash flow position and profitability is dependent on various external factors such as demand from our customers, as well as the overall continued impact of the pandemic on the world economy. The Board would like to assure shareholders that steps are taken to tighten cost controls, conserve the Group’s cash flow and manage the working capital during this period.

The Board and management will continue to assess the impact of Covid-19 on the Group and will keep shareholders informed of any material developments.

**Q2. What is the plan of the board of directors to ride through this pandemic (Covid-19)?**

**Response:**

The Board will keep abreast of Covid-19 developments as they unfold and continually monitor and assess the impact of the pandemic on the Group’s business and financial resources. The Board also oversees the management’s efforts in identifying and managing key risk areas during the pandemic, such as cash flow, customer retention, business development, and supply chain risk.

For more details, please refer to the response to Q3 below.



**Q3. What is the plan the company has to further strengthen the financial position of the company?**

**Response:**

The Group has continued our marketing efforts such as by working closely with existing customers to plan for new orders for the post-Covid-19 recovery period. This includes discussing market direction and pitching new concepts and designs to existing business partners. Additionally, through referrals and recommendations from existing customers and other industry contacts, the Group continues to seek new customers. In light of travel restrictions brought on by the Covid-19 pandemic, the Group has sought new methods of executing these marketing efforts such as by meeting with partners and potential clients via video conference calls.

In addition to our marketing efforts, the Group will also continue to work with its suppliers to negotiate for better raw material prices, thus lowering the cost of manufacturing for existing and future orders. Some of our suppliers have also indicated that they would provide us with longer credit terms.

Whilst the Group is expecting the demand for our apparel manufacturing business to continue to be slow in the next few months until the impact of the pandemic is contained, we have been utilising our apparel manufacturing facilities to produce certain Personal Protective Equipment ("PPE"), such as medical isolation gowns and re-useable fabric face masks as mentioned in the Announcements. The Company hopes that this will provide an additional source of income. Moreover, in light of the rescheduling of some production plans to meet with new delivery dates for our apparel business, we have shifted some production lines from manufacturing apparel to producing PPE, thus optimising the utilisation of our facilities during this period. The production of PPE is currently a temporary arrangement in view of the Covid-19 situation and will not materially change the risk profile of the Group.

Additionally, we are continuing to explore opportunities for growth with regard to our textile manufacturing facility, which commenced operations in July 2019. In addition to enabling us to produce our own material for our apparel manufacturing operations, our textile manufacturing facility also provides a potential revenue source from selling fabric produced in the facility to third-party buyers.

The Group is also monitoring its financial position closely and has implemented cost-containing measures such as by cutting discretionary expenses and implementing reduced work weeks. In addition, the Group has also looked into applying for subsidies, incentives, and special financial support programmes from the Malaysian government.

**BY ORDER OF THE BOARD**

Lim Vhe Kai  
Executive Director and Chief Executive Officer  
24 June 2020

---

*This announcement has been reviewed by the Company's continuing sponsor (the "Sponsor"), SAC Capital Private Limited. This announcement 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 announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.*

*The contact person for the Sponsor is Mr. Ong Hwee Li (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*