



Unaudited Financial Statements and Dividend Announcement
For the financial year ended 31 December 2020

Background

KTMG Limited (the “**Company**”) and together with its subsidiaries, (the “**Group**”), formerly known as Lereno Bio-Chem Ltd, was formed through a reverse takeover (“**RTO**”) of the entire issued share capital of Knit Textile and Apparel Pte. Ltd. (“**KTAPL**”) and together with its subsidiaries (the “**KTAPL Group**”). The RTO was completed on 18 February 2019 and the Company changed its name to “KTMG Limited”.

Please refer to the Company’s Circular dated 21 December 2018 for further details on the RTO and the restructuring exercise.

KTAPL Group is engaged in the apparel contract manufacturing business, specializing in nightwear, lounge wear, casual wear and plus-sized apparel for all ages.

Group Level

Following the completion of the RTO, the wholly owned subsidiary, KTAPL, is regarded as the accounting acquirer, and the Company as the accounting acquiree, for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of the KTAPL Group.

Accordingly, the consolidated financial statements for the year ended 31 December 2019 have been presented as a continuation of the KTAPL Group’s financial results and operations, in accordance with the following:

- 1) The assets and liabilities of the accounting acquirer, the KTAPL Group, were recognised and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;
- 2) The assets and liabilities of the accounting acquiree, the Company, were recognised and measured at their acquisition date fair value;
- 3) The retained earnings and other equity balances recognised in the consolidated financial statements of the Group were the retained earnings and other equity balances of the KTAPL Group immediately before the RTO; and



Group Level (Cont'd)

- 4) The amount recognised in the issued equity interest in the consolidated financial statements of the Group was computed by adding the issued equity of KTAPL immediately before the reverse acquisition to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued by the Company) reflected the effect of the combination.

Following the completion of the RTO, the principal business of the Group is that of the KTAPL Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in SFRS(I) 3 *Business Combination*, but it does not result in the recognition of goodwill, as the Company was deemed as a cash company under Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in SFRS(I) 3. Instead, such transaction falls within the scope of SFRS(I) 2 *Share-based Payments*, which require the deemed shares issued by the legal subsidiary corporation (as consideration for the acquisition of the Company) to be recognised at fair value. Excess of deemed acquisition over the fair value of the Company's identifiable net assets acquired is treated as cost of obtaining a listing by the legal subsidiary, KTAPL.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in KTAPL Group recorded in the Company's financial statements was accounted for at cost less accumulated impairment losses, if any.



PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding year.

The Group	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000	Change %
Revenue	70,996	87,571	(18.9)
Cost of sales	(57,802)	(74,086)	(22.0)
Gross profit	13,194	13,485	(2.2)
Other income, net	489	221	121.3
Administrative and general expenses	(6,608)	(9,441)	(30.0)
Selling and marketing expenses	(2,007)	(5,071)	(60.4)
Finance costs	(831)	(930)	(10.6)
Profit/ (loss) before taxation	4,237	(1,736)	NM
Income tax expenses	(1,124)	(167)	573.1
Net Profit/ (loss) for the year	3,113	(1,903)	NM
Other comprehensive income/ (loss) after tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences	(38)	(125)	(69.6)
Total comprehensive income/ (loss) attributable to equity owners of the Company	3,075	(2,028)	NM

NM: Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

(Loss)/ Profit for the financial year is stated after charging/(crediting) the following:

The Group	FY2020 (Unaudited) S\$'000	FY2019 (Audited) S\$'000	Change %
Transaction cost and acquisition cost arising from the RTO	-	2,529	NM
Depreciation of property, plant and equipment including right-of-use assets	2,088	2,020	3.4
Impairment loss recognised on trade receivables	48	431	(88.9)
Interest income	(36)	(47)	(23.4)
Gain on disposal of property, plant and equipment	(58)	(28)	107.1

NM: Not Meaningful



1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 Dec 2020 (Unaudited) S\$'000	31 Dec 2019 (Audited) S\$'000	31 Dec 2020 (Unaudited) S\$'000	31 Dec 2019 (Audited) S\$'000
<u>Assets</u>				
Non-current assets				
Investment in a subsidiary	-	-	26,400	26,400
Property, plant and equipment	14,314	15,718	-	-
Right-of-use assets	4,439	3,724	-	-
Deferred tax assets	210	295	-	-
	18,963	19,737	26,400	26,400
Current Assets				
Inventories	10,782	9,812	-	-
Trade and other receivables	22,347	15,924	226	59
Tax recoverable	-	664	-	-
Cash and bank balances	4,967	3,360	8	13
	38,096	29,760	234	72
Total assets	57,059	49,497	26,634	26,472
<u>Liabilities</u>				
Non-current liabilities				
Borrowings	2,271	3,375	-	-
Lease liabilities	2,065	1,786	-	-
Deferred tax liabilities	16	188	-	-
	4,352	5,349	-	-
Current liabilities				
Borrowings	15,571	13,326	-	-
Lease liabilities	625	482	-	-
Trade and other payables	18,055	14,959	1,164	527
	34,251	28,767	1,164	527
Total liabilities	38,603	34,116	1,164	527
Net assets	18,456	15,381	25,470	25,945
<u>Equity and reserves</u>				
Share capital	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)	4,729	1,616	(8,302)	(7,827)
Translation reserve	61	99	-	-
Capital reserve	571	571	571	571
Merger reserve	(20,106)	(20,106)	-	-
Total equity and reserves	18,456	15,381	25,470	25,945



1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	As at 31 Dec 2020		As at 31 Dec 2019	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amounts repayable in one year or less, or on demand</u>				
Financial liabilities:				
Term loans	1,061	-	1,224	-
Other short-term borrowings	13,828	682	11,699	403
Lease liabilities	232	393	79	403
	<u>15,121</u>	<u>1,075</u>	<u>13,002</u>	<u>806</u>

Amounts repayable after one year

Financial liabilities:				
Term loans	2,271	-	3,375	-
Lease liabilities	395	1,670	65	1,721
	<u>2,666</u>	<u>1,670</u>	<u>3,440</u>	<u>1,721</u>

Details of any collateral

The borrowings are secured by bank guarantees and legal charges over the Group's freehold and leasehold land, buildings and deposits with licensed banks.

The Group's lease liabilities comprising certain plant and machinery and motor vehicles are secured by the lessors' title to the leased assets.



1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY2020	FY2019
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Operating activities		
Profit/ (loss) before tax	4,237	(1,736)
Adjustment for:		
Acquisition cost arising from the RTO	-	1,429
Transaction cost arising from the RTO	-	1,100
Depreciation of property, plant and equipment	1,576	1,433
Depreciation of right-of-use assets	512	587
Impairment loss recognised on trade receivables, net	48	431
Interest expenses	831	930
Interest income	(36)	(47)
Property, plant and equipment written off	54	-
Gain on disposal of property, plant and equipment	(58)	(28)
Operating cash flows before working capital changes	7,164	4,099
Working capital changes		
Trade and other receivables	(6,471)	5,765
Trade and other payables	3,095	(6,327)
Inventories	(970)	1,291
Cash generated from operations	2,818	4,828
Interest received	36	47
Income tax paid	(547)	(746)
Net cash generated from operating activities	2,307	4,129
Investing activities		
Cash and cash equivalents acquired on completion of RTO	-	12
Purchase of property, plant and equipment	(216)	(1,932)
Proceeds from disposal of property, plant and equipment	48	165
Net cash used in investing activities	(168)	(1,755)
Financing activities		
Interest paid	(831)	(930)
Repayment of lease liabilities	(805)	(523)
Drawdown of term loans	-	5,136
Repayment of term loans	(1,272)	(6,280)
Repayment of other short-term borrowings	42,515	(68,254)
Drawdown of other short-term borrowings	(40,102)	66,910
Net cash used in financing activities	(495)	(3,941)
Net change in cash and cash equivalents	1,644	(1,567)
Cash and cash equivalents at the beginning of financial year	2,224	3,908
Deposit pledged	(102)	(132)
Effect of exchange rate changes on cash and cash equivalents	(43)	15
Cash and cash equivalents at the end of financial year	3,723	2,224



1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY2020	FY2019
	(Unaudited)	(Audited)
	S\$'000	S\$'000
<u>Cash and cash equivalents in the consolidated statement of cash flows:</u>		
Cash and bank balances	3,723	2,224
Pledged deposits	1,244	1,136
Cash and cash equivalents	4,967	3,360
Less: Pledged deposits	(1,244)	(1,136)
	3,723	2,224



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	Share capital S\$'000	Retained earnings S\$'000	Translation reserve S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Total equity S\$'000
As at 1 Jan 2020	33,201	1,616	99	571	(20,106)	15,381
Total comprehensive income for the financial year		3,113	(38)	-	-	3,075
As at 31 Dec 2020	33,201	4,729	61	571	(20,106)	18,456
As at 1 Jan 2019	4,865	9,757	224	-	-	14,846
Effect of restructuring	31,962	(43,064)	-	-	(20,106)	(31,208)
Issue of shares pursuant to the completion of the RTO	33,200	-	-	571	-	33,771
Capital reduction	(36,826)	36,826	-	-	-	-
Total comprehensive loss for the financial year	-	(1,903)	(125)	-	-	(2,028)
As at 31 Dec 2019	33,201	1,616	99	571	(20,106)	15,381

<u>Company</u>	Share capital S\$'000	Accumulated losses S\$'000	Capital reserve S\$'000	Total equity S\$'000
As at 1 Jan 2020	33,201	(7,827)	571	25,945
Total comprehensive loss for the financial year		(475)		(475)
As at 31 Dec 2020	33,201	(8,302)	571	25,470
As at 1 Jan 2019	36,827	(43,099)	-	(6,272)
Issue of shares pursuant to the completion of the RTO	33,200	-	571	33,771
Capital reduction	(36,826)	36,826	-	-
Total comprehensive loss for the financial year	-	(1,554)	-	(1,554)
As at 31 Dec 2019	33,201	(7,827)	571	25,945

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 acquisition of KTAPL.

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.



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	No. of shares ('000)	Issued and paid-up share capital of the Company (S\$'000)
Ordinary Shares As at 31 Dec 2020	169,682	33,201

There have been no changes in the Company's issued and paid up share capital since the end of the previous period reported on.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 December 2020 and 31 December 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 31 Dec 2020	As at 31 Dec 2019
Total issued shares (excluding treasury shares)	169,681,544	169,681,544

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company does not have any treasury shares.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company does not have any subsidiary holdings.



2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable. The figures have not been audited or reviewed by the Company's auditor.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Group's latest audited financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been complied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the financial year ended 31 December 2020 ("FY2020") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2019 ("FY2019").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for the accounting periods beginning on or after 1 January 2020.

The following are the new or amended SFRS(I), SFRS(I) Interpretations and amendments to SFRS(I) that are relevant to, the Group:

- Amendments to References to the Conceptual Framework in SFRS(I)
- Definition of Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)

The adoption of the above new or amended SFRS(I), SFRS(I) Interpretations and amendments to SFRS(I) did not have any significant impact on the financial statements of the Group.



6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group FY2020	FY2019
Profit/ (loss) attributable to owners of the Company (S\$'000)	3,113	(1,903)
Weighted average number of ordinary shares in issue ('000)	169,682	169,682
Basic and diluted earnings/ (loss) per share ("EPS") (cents)	1.83	(1.12)

The basic EPS and the diluted EPS are the same as the Company has no potentially dilutive ordinary shares in issue as at the end of the respective financial periods.

In connection with the RTO, the number of ordinary shares outstanding from the beginning of the financial period to the completion date of the RTO for the purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued to the owners of the Company. The number of ordinary shares outstanding from the completion date of the RTO to the end of the financial period is the weighted average number of ordinary shares of the Company outstanding during the period.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

- (a) Current period reported on; and
(b) Immediately preceding financial year.

	Group 31 Dec 2020	31 Dec 2019	Company 31 Dec 2020	31 Dec 2019
Net asset value (S\$'000)	18,456	15,381	25,470	25,945
Number of ordinary shares in issue ('000)	169,682	169,682	169,682	169,682
Net asset value per ordinary share (cents)	10.88	9.06	15.01	15.29



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss: -

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Consolidated Statement of Comprehensive Income (FY2020 vs FY2019)

The Group's revenue decreased by approximately S\$16.6 million or 18.9% from S\$87.6 million in FY2019 to S\$71.0 million in FY2020. The decrease in revenue was mainly due to the Covid-19 pandemic as well as measures implemented by the respective governments where the Group operates, which affected the Group's operation and the industry at large.

The Group's cost of sales decreased by approximately S\$16.3 million or 22.0% from S\$74.1 million in FY2019 to S\$57.8 million in FY2020 in line with the decrease in sales.

Notwithstanding the decrease in sales, the Group's gross profit margin increased by 3.2 percentage points from approximately 15.4% in FY2019 to approximately 18.6% in FY2020. This was attributable to cost control and the positive results of the textile manufacturing facility.

The Group's other income increased by approximately S\$0.3 million or 121.3% from S\$0.2 million in FY2019 to S\$0.5 million in FY2020 mainly due to wage subsidies received from Malaysia Government.

The Group's administrative and general expenses decreased by approximately S\$2.8 million or 30.0% from S\$9.4 million in FY2019 to S\$6.6 million in FY2020. The decrease was primarily due to a one-off non-cash RTO transaction and acquisition cost of S\$2.5 million; and (ii) decrease in professional fees incurred by the Group of approximately S\$0.3 million, respectively.

The Group's selling and marketing expenses decreased by approximately S\$3.1 million or 60.4% from S\$5.1 million in FY2019 to S\$2.0 million in FY2020. The decrease was mainly due to (i) decrease in sales commission paid to the apparel sourcing agent of approximately S\$1.4 million; (ii) a decrease in travelling expenses incurred for marketing purposes attributable to COVID-19 travel restrictions of approximately S\$0.2 million; and (iii) a decrease in air freight cost of approximately S\$1.5 million due to less delays on shipment of apparels sold to customers in FY2020.

The Group's finance costs remained relatively constant for both FY2020 and FY2019.



The Group's income tax expenses increased by approximately S\$1.0 million or 573.1% from S\$0.2 million in FY2019 to S\$1.1 million in FY2020 due to higher taxable profit in FY2020.

As a result of the above factors, the Group recorded a net profit after tax of approximately S\$3.1 million in FY2020.

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets decreased by approximately S\$0.7 million from S\$19.7 million as at 31 December 2019 to S\$19.0 million as at 31 December 2020 mainly due to depreciation charge on the Group's property, plant and equipment and right-of-use assets, partially offset by an increase from new leases of plant and machinery for the textile manufacturing facility in Malaysia.

Current Assets

Current assets increased by S\$8.3 million from S\$29.8 million as at 31 December 2019 to S\$38.1 million as at 31 December 2020.

Inventories increased by S\$1.0 million from S\$9.8 million as at 31 December 2019 to S\$10.8 million as at 31 December 2020. This was primarily due to stockpile of fabrics and other raw materials for the manufacturing of apparel products for delivery in the first quarter of the financial year ending 31 December 2021 ("FY2021").

Trade and other receivables increased by approximately S\$6.4 million from S\$15.9 million as at 31 December 2019 to S\$22.3 million as at 31 December 2020. The increase was mainly due to the timing of receipts in the month of December 2020.

Cash and bank balances increased by approximately S\$1.6 million from S\$3.4 million as at 31 December 2019 to S\$5.0 million as at 31 December 2020 primarily due to operating cash in flows.

Non-Current Liabilities

Non-current liabilities decreased by S\$0.9 million from S\$5.3 million as at 31 December 2019 to S\$4.4 million as at 31 December 2020.

Long-term borrowings decreased by approximately S\$1.1 million from S\$3.4 million as at 31 December 2019 to S\$2.3 million as at 31 December 2020 due to the reclassification of term loans from "non-current" to "current".



Lease liabilities increased by approximately S\$0.3 million from S\$1.8 million as at 31 December 2019 to S\$2.1 million as at 31 December 2020 due to new leases of plant and machinery for the textile manufacturing facility in Malaysia.

Current Liabilities

Current liabilities increased by S\$5.5 million from S\$28.8 million as at 31 December 2019 to S\$34.3 million as at 31 December 2020.

Short-term borrowings increased by approximately S\$2.3 million from S\$13.3 million as at 31 December 2019 to S\$15.6 million as at 31 December 2020 due to the reclassification of term loans from “non-current” to “current”.

Lease liabilities increased by approximately S\$0.1 million from S\$0.5 million as at 31 December 2019 to S\$0.6 million as at 31 December 2020 due to the acquisition of new leases of plant and machinery for the textile manufacturing facility in Malaysia.

Trade and other payable increased by approximately S\$3.1 million from S\$15.0 million as at 31 December 2019 to approximately S\$18.1 million as at 31 December 2020. The increase was mainly due to the purchases of raw material at the last quarter of FY2020 to fulfil deliveries in the first quarter of FY2021.

Review of Statement of Cash Flows

The Group’s net cash flow generated from operating activities amounted to approximately S\$2.3 million in FY2020. This was mainly due to an increase in operating cash flows before working capital changes of approximately S\$7.2 million, an increase in trade and other payables amounting to S\$3.1 million, and offset by an increase in trade and other receivables amounting to S\$6.5 million and an increase in inventories by S\$1.0 million.

The Group’s net cash flows used in investing activities in FY2020 amounted to approximately S\$0.2 million. This was mainly due to capital expenditure incurred for the acquisition of new leases of plant and machinery for the textile manufacturing facility in Malaysia.

The Group’s net cash flows used in financing activities in FY2020 amounted to approximately S\$0.5 million primarily due to the repayment of lease liabilities, term loans and interest paid, partially offset by drawdown of other short-term borrowings for capital requirement.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**



Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any know factors or events that may affect the group in the next reporting period and the next 12 months.

Despite the roll-out of vaccinations in various countries around the world, the Group believes that the COVID-19 pandemic is far from over, especially in view of the long runway until all countries have received the vaccines. This is in addition to the emergence of new mutated variants which pose further risks. As such, the Group expects the COVID-19 pandemic to continue to affect our operations, industry, and business outlook in the near future.

Although lockdown measures were implemented in Malaysia in January 2021 in light of the resurgence of COVID-19 cases, the Group's operations were not disrupted as we had been granted approval by the relevant authorities to continue our operations during this period. As the health and safety of our employees remains a priority, the Group will continue to implement safety precautions across our operations, such as the mandated wearing of face masks, safe distancing measures, disinfection of factory premises and hostel areas as well as daily checks on our workers health conditions.

Nonetheless, the Group will continue to monitor the COVID-19 situation closely and manage our operations accordingly, in order to anticipate any potential disruptions in the future and mitigate any consequent impact. In addition, the Group will continue to closely engage and work with our customers in the year ahead in order to accommodate their shifting business needs and the changing demands of their industries brought on by the COVID-19 pandemic.

In the shorter-term, the Group will continue to manufacture Personal Protective Equipment ("PPE"), which we had ventured into in FY2020 in order to strengthen our revenue stream by tapping on the increased demand for PPE resulting from COVID-19. By leveraging on our established track record in the apparel manufacturing field, we have since been able to secure more contracts for the production of PPE, and have temporarily converted a production line in our apparel manufacturing facility in Batu Pahat for this purpose. For the avoidance of doubt, the production of PPE is currently a temporary arrangement in view of the COVID-19 pandemic and is not expected to change the risk profile of the Group.

In light of the COVID-19 pandemic's dampening effect on the global economy, the Group has also observed that some apparel manufacturing firms have begun reducing the scale



of their operations, which has, in turn, caused their customers to begin seeking alternative. The Group believes that with our established track record and integrated capabilities, we are well-positioned to capture some of these opportunities and will actively seek out and engage these potential customers in the near future.

Aside from the COVID-19 pandemic, the Group also anticipates that the textile and apparel manufacturing industry in which we operate is likely to be affected by the continued US-China trade tensions. More specifically, the Group has observed that many US-based retailers have continued to seek alternatives to Chinese manufacturers, such as manufacturers in Southeast Asia like ourselves. As such, we will continue to market our capabilities to these retailers to tap on these new opportunities.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year. Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable:

Not applicable

(d) Record date:

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

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 for the working capital of the newly operating textile manufacturing facility.



- 13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.**

Not applicable. The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There are no IPTs of S\$100,000 or more during the financial year under review.

- 14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

- 15. Negative Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.**

Not applicable as it is not required for announcement on full year results.

- 16. Segmented revenue and results for operating segments (of the Group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.**

A breakdown of the Group's revenue by geographical segments is as follows:

	Group		
	FY2020 (Unaudited)	FY2019 (Audited)	Change
	S\$'000	S\$'000	%
United States	27,791	34,719	(20.0)
United Kingdom	17,926	32,712	(45.2)
Canada	1,749	1,169	49.6
European Union	19,472	17,529	11.1
Malaysia	3,398	1,354	151.0
Others	660	88	NM
	70,996	87,571	(18.9)



17. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the operating segments.

Please refer to Paragraph 8.

18. A breakdown of sales as follows:

	Group		%
	FY2020 (Unaudited)	FY2019 (Unaudited)	increase/ (decrease)
	S\$'000	S\$'000	%
(a) Sales reported for first half year	25,041	35,994	(30.4)
(b) Operating (loss) / profit after tax before deducting non-controlling interests reported for first half year	221	(2,194)	NM
(c) Sales reported for second half year	45,955	51,577	(10.9)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	2,892	291	893.8

NM: Not Meaningful

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follow:

Not applicable. No dividend declared for FY2020 and FY2019.



20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Sin Jet	35	Daughter of Mr. Lim Siau Hing (Executive Chairman) and sister of Mr. Lim Vhe Kai (Executive Director and Chief Executive Officer)	Corporate Communications Manager since 2020.	Nil

BY ORDER OF THE BOARD

Lim Vhe Kai
Chief Executive Officer

26 February 2021

This announcement has been reviewed by the Company's sponsor SAC Capital Private Limited (the "Sponsor"). 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.

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