



KTMG Limited (fka Lereno Bio-Chem Ltd)
(Registration No: 197401961C)
(Incorporated in the Republic of Singapore)

**Unaudited Financial Statements and Dividend Announcement
For the Six Months period ended 30 June 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 FY2019 Annual Report and 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, specialising 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 six months period ended 30 June 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;



Group Level (Cont'd)

- 4) The amount recognised in the issued equity interest in the consolidated financial statements of the Group is 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) reflected the equity structure of the Company, including the equity instruments issued by the Company to affect 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 recognized at fair value. Any difference between the consideration sum and the fair value of the Company's identifiable net assets acquired is treated as cost of obtaining a listing by the legal subsidiary, KTAPL, recognised as an expense in the consolidated statement of comprehensive income.

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 HALF-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.

Consolidated statement of comprehensive income Group	1H2020 (Unaudited) S\$'000	1H2019 (Unaudited) S\$'000	Change %
Revenue	25,041	35,994	(30.4)
Cost of sales	(20,961)	(30,455)	(31.2)
Gross profit	4,080	5,539	(26.3)
Other income, net	155	93	66.7
Administrative and general expenses	(2,704)	(5,694)	(52.5)
Selling and marketing expenses	(658)	(1,269)	(48.1)
Finance costs	(483)	(445)	8.5
Profit/ (loss) before taxation	390	(1,776)	NM
Income tax expenses	(169)	(418)	(59.6)
Net profit/ (loss) for the period	221	(2,194)	NM
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation (nil tax)	73	(394)	NM
Total comprehensive profit/ (loss) attributable to equity holders of the Company	294	(2,588)	NM

NM: Not Meaningful

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

Profit/(loss) for the financial period is stated after charging/(crediting) the following:

Group	1H2020 (Unaudited) S\$'000	1H2019 (Unaudited) S\$'000	Change %
Transaction cost and acquisition cost arising from the RTO	-	2,529	NM
Depreciation of property, plant and equipment and right-of-use	1,097	727	50.9
Gain on disposal of property, plant and equipment	-	(16)	NM
Foreign exchange loss, net	26	160	(83.8)

NM: Not Meaningful



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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.

Consolidated Statement of Financial Position	Group		Company	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current assets				
Subsidiaries	-	-	26,400	26,400
Property, plant and equipment	15,096	15,718	-	-
Right-of-use assets	4,054	3,724	-	-
Deferred tax assets	293	295	-	-
	19,443	19,737	26,400	26,400
Current Assets				
Inventories	12,966	9,812	-	-
Trade and other receivables	8,711	15,924	150	59
Tax recoverable	656	664	-	-
Cash and bank balances	6,085	3,360	9	13
	28,418	29,760	159	72
Total assets	47,861	49,497	26,559	26,472
Liabilities				
Non-current liabilities				
Borrowings	2,863	3,375	-	-
Lease liabilities	2,169	1,786	-	-
Deferred tax liabilities	187	188	-	-
	5,219	5,349	-	-
Current liabilities				
Borrowings	15,341	13,326	-	-
Lease liabilities	488	482	-	-
Trade and other payables	11,138	14,959	818	527
	26,967	28,767	818	527
Total liabilities	32,186	34,116	818	527
Net assets	15,675	15,381	25,741	25,945
Equity and reserves				
Share capital	33,201	33,201	33,201	33,201
Retained earnings/ (accumulated losses)	1,837	1,616	(8,031)	(7,827)
Foreign currency translation reserve	172	99	-	-
Capital reserve	571	571	571	571
Merger reserve	(20,106)	(20,106)	-	-
Total equity and reserves	15,675	15,381	25,741	25,945



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

	As at 30 Jun 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	1,506	-	1,225	-
Other short-term borrowings	13,379	456	12,101	-
Lease liabilities	488	-	482	-
	<u>15,373</u>	<u>456</u>	<u>13,808</u>	<u>-</u>
<u>Amounts repayable after one year</u>				
Financial liabilities:				
Term loans	2,863	-	3,375	-
Lease liabilities	2,169	-	1,786	-
	<u>5,032</u>	<u>-</u>	<u>5,161</u>	<u>-</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 pledged deposits with licensed banks.

The Group's obligations under finance lease liabilities 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	
	1H2020	1H2019
	S\$'000	S\$'000
Operating activities		
(Loss)/ profit before tax	390	(1,776)
Adjustment for:		
Acquisition cost arising from the RTO	-	1,429
Transaction cost arising from the RTO	-	1,100
Depreciation of property, plant and equipment and right-of-use assets	1,097	727
Interest expense	483	445
Interest income	(4)	(8)
Property, plant and equipment written off	4	-
Gain on disposal of property, plant and equipment	-	(6)
Operating cash flows before working capital changes	1,970	1,911
Working capital changes		
Trade and other receivables	7,213	5,846
Trade and other payables	(3,821)	(3,149)
Inventories	(3,154)	(5,511)
Cash generated from/ (used in) operations	2,208	(903)
Interest received	4	8
Income tax paid	(161)	(429)
Net cash generated from/ (used in) operating activities	2,051	(1,324)
Investing activities		
Cash and cash equivalents acquired on completion of RTO	-	12
Purchase of property, plant and equipment and new leased equipment	(825)	(1,127)
Proceeds from disposal of property, plant and equipment	-	27
Net cash used in investing activities	(825)	(1,088)
Financing activities		
Interest paid	(483)	(445)
Repayment of lease liabilities	(188)	(60)
Drawdown of term loans	-	4,960
Repayment of term loans	(424)	(5,264)
Other short-term borrowings, net	2,504	1,898
Net cash generated from financing activities	1,409	1,089
Net change in cash and cash equivalents	2,635	(1,323)
Cash and cash equivalents at the beginning of financial period	2,224	3,908
Effect of exchange rate changes on cash and cash equivalents	41	(6)
Cash and cash equivalents at the end of financial period	4,900	2,579



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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	
	1H2020	1H2019
	S\$'000	S\$'000
<u>Cash and cash equivalents in the</u>		
<u>consolidated statement of cash flows:</u>		
Cash and bank balances	4,900	2,579
Pledged deposits	1,185	1,016
Cash and cash equivalents	6,085	3,595
Less: Pledged deposits	(1,185)	(1,016)
	4,900	2,579



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.

	Share capital	Retained earnings	Translation reserve	Capital reserve	Merger reserve	Total equity
Group						
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2020	33,201	1,616	99	571	(20,106)	15,381
Total comprehensive income for the financial period	-	221	73	-	-	294
As at 30 Jun 2020	33,201	1,837	172	571	(20,106)	15,675
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 period	-	(2,194)	(394)	-	-	(2,588)
As at 30 Jun 2019	33,201	1,325	(170)	571	(20,106)	14,821

	Share capital	(Accumulated losses)	Capital reserve	Total equity
Company				
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 2020	33,201	(7,827)	571	25,945
Total comprehensive loss for the financial period	-	(204)	-	(204)
As at 30 Jun 2020	33,201	(8,031)	571	25,741
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 period	-	(2,204)	-	(2,204)
As at 30 Jun 2019	33,201	(8,477)	571	25,295



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 30 Jun 2020	169,682	33,201

There have been no changes to the Company's issued and paid up share capital since 31 December 2019 up to 30 June 2020.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 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 30 Jun 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.

Not applicable.

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

Not applicable.

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 6-months financial period ended 30 June 2020 ("**1H2020**") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2019.

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.

Refer to Section 4 above.



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	
	1H2020	1H2019
Profit/ (loss) attributable to owners of the Company (S\$'000)	221	(2,194)
Weighted average number of ordinary shares in issue ('000)	169,682	169,682
Basic and diluted earnings/ (loss) per share		
("EPS") (Singapore cents)	0.13	(1.29)

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		Company	
	30 Jun	31 Dec	30 Jun	31 Dec
	2020	2019	2020	2019
Net asset value (S\$'000)	15,675	15,381	25,741	25,945
Number of ordinary shares in issue ('000)	169,682	169,682	169,682	169,682
Net asset value per ordinary share (Singapore cents)	9.24	9.06	15.17	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 (1H2020 vs 1H2019)

The Group's revenue decrease by approximately S\$11.0 million or 30.4% from S\$36.0 million in 1H2019 to S\$25.0 million in 1H2020. The decrease in revenue was mainly due to the Movement Control Order imposed by the Malaysian Government from 18 March 2020 in its efforts to curb the spread of COVID-19 ("MCO"). While the Group had resumed full operations on 29 April 2020 following conditional approval from the Malaysian Government, the MCO resulted in the Group facing disruptions on its production.

The Group's cost of sales decreased by approximately S\$9.5 million or 31.2% from S\$30.5 million in 1H2019 to S\$21.0 million in 1H2020. The decrease was mainly due to the decrease in sales due to COVID-19 pandemic.

Notwithstanding the above, the Group's gross profit margin remained constant at 16.3% for 1H2020 compared against 15.4% for 1H2019.

The Group's other income increased by approximately S\$62,000 or 66.7% from S\$93,000 in 1H2019 to S\$155,000 in 1H2020 mainly due to S\$148,000 subsidies received from Malaysia Government (PSU) and partially offset by a decrease in sub-contractor income.

The Group's administrative and general expenses decreased by approximately S\$3.0 million or 52.5% from S\$5.7 million in 1H2019 to S\$2.7 million in 1H2020. The decrease was primarily due to a one-off non-operating expenditure arising from the completion of the RTO on 18 February 2019 comprising of (i) transaction cost arising from the RTO amounting to approximately S\$1.1 million; (ii) acquisition cost arising from the RTO of approximately S\$1.4 million, being the difference between the fair value of consideration shares deemed issued by the legal subsidiary, KTAPL, over the fair value of the Company's identifiable net assets acquired; and (iii) decrease in professional fees incurred by the Group of approximately S\$0.2 million; and (iv) decrease in staff cost of approximately S\$0.3 million.



Consolidated Statement of Comprehensive Income (1H2020 vs 1H2019) (cont'd)

The Group's selling and marketing expenses decreased by approximately S\$0.6 million or 48.1% from S\$1.3 million in 1H2019 to S\$0.7 million in 1H2020. The decrease was mainly due to (i) decrease in sales commission paid to the apparel sourcing agent of approximately S\$0.4 million, (ii) decrease in travelling expenses incurred for marketing purposes of approximately S\$0.1 million due to travelling restrictions imposed as a result of the COVID-19 pandemic, and (iii) decrease of air freight cost of approximately S\$0.1 million arising from delays on shipment.

The Group's finance costs increased by approximately S\$38,000 or 8.5% from S\$445,000 in 1H2019 to S\$483,000 in 1H2020 mainly due to new leases of equipment acquired in 1H2020.

Consequently, the net profit decreased to S\$0.2 million in 1H2020 compared to S\$0.3 million (after excluding the one-off, non-cash acquisition and transactions costs arising from the RTO of S\$2.5 million).

Consolidated Statement of Financial Position

Non-Current Assets

Non-current assets decreased by approximately S\$0.3 million from S\$19.7 million as at 31 December 2019 to S\$19.4 million as at 30 June 2020 mainly due to depreciation charge on the Group's property, plant and equipment and right-of-use assets, and partially offset by an increase from the acquisition of new leases of plant and machinery for the fabric dyeing facility in Malaysia.

Current Assets

Current assets decreased by S\$1.3 million from S\$29.8 million as at 31 December 2019 to S\$28.4 million as at 30 June 2020.

Inventories increased by S\$3.2 million from S\$9.8 million as at 31 December 2019 to S\$13.0 million as at 30 June 2020. This was primarily due to the stockpile of fabrics and other raw materials for the manufacture of apparel products to be delivered to the Group's customers in the third quarter of the financial year ended 31 December 2020.

Trade and other receivables decreased by approximately S\$7.2 million from S\$15.9 million as at 31 December 2019 to S\$8.7 million as at 30 June 2020. The decrease was mainly due to a decrease in sales revenue for 1H2020.

Cash and bank balances increased by approximately S\$2.7 million from S\$3.4 million as at 31 December 2019 to S\$6.1 million as at 30 June 2020.



Non-Current Liabilities

Non-current liabilities increased by S\$0.1 million from S\$5.3 million as at 31 December 2019 to S\$5.2 million as at 30 June 2020.

Borrowings decreased by approximately S\$0.5 million from S\$3.4 million as at 31 December 2019 to S\$2.9 million as at 30 June 2020. This was mainly due to the reclassification of term loans from “non-current” to “current”.

Lease liabilities increased by approximately S\$0.4 million from S\$1.8 million as at 31 December 2019 to S\$2.2 million as at 30 June 2020. This is mainly due to the acquisition of new leases of plant and machinery for the fabric dyeing facility in Malaysia.

Current Liabilities

Current liabilities decreased by S\$1.8 million from S\$28.8 million as at 31 December 2019 to S\$27.0 million as at 30 June 2020.

Borrowings increased by approximately S\$2.0 million from S\$13.3 million as at 31 December 2019 to S\$15.3 million as at 30 June 2020. This was mainly due to the deferment of principal repayment in accordance with measures to assist individuals, SMEs and Corporates affected by COVID-19, put in place by Bank Negara Malaysia.

Trade and other payable decreased by approximately S\$3.8 million from S\$15.0 million as at 31 December 2019 to approximately S\$11.1 million as at 30 June 2020. The decrease was mainly due to a decrease in purchases of raw materials.

Review of Statement of Cash Flows

The Group’s net cash flow generated from operating activities amounted to approximately S\$2.0 million in 1H2020. This was mainly due to a positive operating cash flows before working capital changes of approximately S\$2.0 million and a decrease in trade and other receivables, partially offset by a decrease in trade and other payables, an increase of inventories, and income tax paid.

The Group’s net cash flows used in investing activities in 1H2020 amounted to approximately S\$0.8 million. This was mainly due the acquisition of new leases of plant and machinery for the fabric dyeing facility in Malaysia.

The Group’s net cash flows generated from financing activities in 1H2020 amounted to approximately S\$1.4 million primarily due to the draw-down of short-term borrowings for working capital requirements, partially offset by repayments of lease liabilities, and interest, and the deferment if principal repayments on term loans.



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.

The global market conditions remain challenging for the next twelve months due to the ongoing trade conflicts between the United States of America and China, as well as uncertainties brought about by the COVID-19 pandemic. The industry is showing signs of slow recovery especially in retail stores and businesses that focus on luxury and fashion goods. There are also signs in the industry indicating that companies that source their goods primarily from China are looking to shift their sourcing destination to other regions such as South East Asia and South Asia to avoid disruptions to their supply chain. Despite the slowing of retail businesses, online retail segment and E-Commerce continue to demonstrate strong growth during this challenging period.

Amid the COVID-19 pandemic, the Group branched out into manufacturing Personal Protective Equipment (“PPE”) such as face masks and protective gowns. Having the competitive advantage of being vertically integrated has provided the Group with the flexibility to tap on this market with ease and the Group will continue to explore the market of PPE to strengthen its revenue stream during this period. 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.

The COVID-19 pandemic has resulted in a decrease in revenue and the slowdown of the Group’s Textile and Apparel Manufacturing operations. The Group has taken several measures including actively engaging existing and potential customers, as well as aggressively seeking new markets, i.e. the PPE market. The Group is of the view that it has the capability to offer compelling and differentiated value propositions to its customers.

In view of the fluidity of COVID-19 pandemic and the uncertainties, the Group is unable to determine the extent of the impact on the Group’s financial performance and operations for FY2020 at this point in time. The Group would like to assure shareholders that steps are taken to tighten cost control, conserve the Group’s cash flow and manage the Group’s working capital during this period.



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) Book closure 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 dyeing factory.

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 period 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.



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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.

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the period ended 30 June 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Vhe Kai
Chief Executive Officer

11 August 2020

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.

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.