立德集团有限公司
KTMG LIMITED

ACTING SWIFTLY
SEIZING OPPORTUNITIES

ANNUAL REPORT 2020

ACTING SWIFTLY SEIZING OPPORTUNITIES

Amidst worldwide disruptions and uncertainties caused by the COVID-19 pandemic, KTMG Limited persevered through the year by adapting swiftly and capturing new opportunities in the face of these challenges.

This Annual Report 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 Ms. Charmian Lim (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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VISION

To be a leading vertically integrated textile and apparel manufacturer through innovation and technology in Southeast Asia.

MISSION

We are committed towards providing a platform with value-added services for customers to obtain cost-effective textile and apparel manufacturing solutions. We aim to initiate and embrace sustainable business practices to enhance growth and stakeholders' value.

CORE VALUES

- Commitment
- Teamwork
- Quality
- Innovation
- Integrity

AT A GLANCE

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 nightwear, lounge wear, casual wear and plus-sized apparel for various ages, with facilities in Malaysia and Cambodia. The Group manufactures apparel for retailers in the European Union, United Kingdom, United States of America 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.

In 2019, KTMG expanded upstream into the knitting, dyeing, finishing, and printing of fabric, with its very own textile manufacturing facility in Johor, Malaysia.

In 2020, KTMG expanded downstream with the launch of XCF, its first online-only direct-to-consumer brand. Under the XCF brand, KTMG designs and manufactures its flagship face mask product and will continue to expand its product portfolio to include active and lifestyle wear, featuring unique materials designed with specific functions in mind.

OUR PRESENCE

APPAREL PRODUCTION FACILITIES

	Malaysia	Cambodia
Apparel Manufacturing Facility	1	2
Production Output (pcs)	3 million	16.4 million
Production Lines	12	30
Production Workers	429	1,445
Key Export Market	USA, UK and EU	
Product Category	Nightwear, casual wear, loungewear and plus-sized	

TEXTILE PRODUCTION FACILITY

	Malaysia
Textile Manufacturing Facility	1
Production Output (kgs)	3 million
Production Workers	89

FINANCIAL HIGHLIGHTS

Revenue

S$ 71.0m

compared to FY2019 S$87.6m

Gross Profit

S$ 13.2m

compared to FY2019 S$13.5m

Gross Profit Margin

18.5%

compared to FY2019 15.4%

Net Profit Attributable to Shareholders

S$ 3.1 m

compared to FY2019 S$(1.9)m

Earnings Per Share

S$ 1.83 cents

compared to FY2019 S$(1.12)cents

Net Asset Value

S$ 18.4m

compared to FY2019 S$15.4m

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

2020

Launch of *XCF*, our first online-only direct-to-consumer brand

The Max Filtration Face Mask is the flagship product of *XCF*, our first online-only direct-to-consumer brand. The five-layer nano-porous reusable face mask utilises innovative polytetrafluoroethylene material which is known for its ability to filter microorganisms such as bacteria, while still being durable, lightweight, and breathable.

The name XCF is derived from our stock code on the Singapore Exchange. It also represents the ethos of our brand, specifically that we create and offer products that are exclusive, best of class, and functional.

MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS

The majority of the past year has been marked by the COVID-19 pandemic and its pervasive and disruptive effects. This was on top of challenging global economic conditions resulting from continued trade tensions between the United States ("**US**") and China, as well as geopolitical uncertainties in Europe arising from Brexit. Nevertheless, KTMG remained adaptable and resilient, leveraging on our strong customer relationships, established track record, and unique value as an integrated manufacturer with upstream and downstream capabilities to persevere through the year and capture new opportunities.

THE YEAR IN REVIEW

In the financial year ended 31 December 2020 ("**FY2020**"), we experienced operational disruptions as a result of the pandemic and its related counter measures. In March 2020, in line with the implementation of a Movement Control Order ("**MCO**") by the Malaysian government to curb the spread of COVID-19, we suspended our operations in Batu Pahat comprising of our head office, an apparel manufacturing facility, and a textile manufacturing facility. We resumed full operations in end-April 2020 after being granted conditional approval from the Malaysian government. In January 2021, lockdown measures were implemented again in Malaysia in light of the resurgence of COVID-19 cases, but the Group's operations were not affected as we had been granted approval by the relevant authorities to continue our operations during this period, subject to continued adherence of health and safety precautions such as mandated wearing of face masks as well as safe distancing measures.

In Cambodia, where the Group has two apparel manufacturing facilities, we experienced minimal operational disruptions as no official lockdown measures were implemented in the country. Nonetheless, throughout the year, we remained vigilant and implemented health and safety precautions across our Cambodia operations in order to curb any potential spread of the COVID-19 virus.

In order to mitigate the impact of the Group's operational disruptions on our customers, we communicated and worked closely with our customers to manage production timelines and ensure that their orders would be fulfilled in a timely manner. Moreover, as the pandemic's disruptive effects began to be felt worldwide, many of our customers themselves – most of whom are based in the US, the United Kingdom ("**UK**"), and Europe – also experienced operational and economic challenges. As such, the Group continued to work closely with these customers to accommodate their shifting business needs as well as the changing demands of their industries throughout the year, such as by rescheduling or delaying orders when necessary. Through such efforts, we believe we have been able to strengthen our long-standing relationships with our customers while establishing ourselves as a reliable business partner amidst challenging times.

During the year, the Group has also began manufacturing Personal Protective Equipment ("**PPE**") such as isolation gowns. This was originally prompted by a specific contract for the Malaysian Ministry of Health to produce medical isolation gowns for the country's frontline healthcare workers. While it was originally intended for the production of PPE to be temporary, the Group had subsequent to fulfilling the original contract from the Malaysian Ministry of Health, continued to secure more contracts for the production of PPE. We have since converted a production line in our apparel manufacturing facility in Batu Pahat for this specific purpose, and we believe that the production of PPE will continue in the short-term as the Group plays its part in the combat against COVID-19.

Furthermore, in FY2020, we have upgraded our textile manufacturing abilities by investing RM1.5 million in a new stenter machine, which is a specialised oven used for drying and heat-treating fabric as part of the textile finishing process. With this new machine, textile finishing output increased by two-fold, from 490,000 meters per month to 980,000 meters per month. The Group believes that our textile manufacturing facility will enhance our operations across the board by allowing us to explore and develop the use of innovative fabric technology, as well as produce textiles according to our specific requirements. Moreover, at present, majority of the textiles produced at our textile manufacturing facility are used as fabric for our apparel manufacturing business, thus providing cost savings and improved margins for the Group. As such, the Group believes that the progressive upgrading of our textile manufacturing facility is an ongoing priority as it provides for synergies within the Group's operations.

We have also ventured into the e-commerce space this year. In October 2020, we launched ***XCF***, our first online-only direct-to-consumer brand, through which we design, manufacture, and sell sustainable and functional products. The launch of the ***XCF*** brand is a natural progression for the Group, following our upstream expansion in FY2019 which has equipped us with the ability to produce and utilise highly-specific fabric technology. By leveraging on our enhanced textile research, design, and manufacturing abilities, as well as our honed apparel manufacturing expertise, we were able to bring to market ***XCF***'s flagship product, the Max Filtration Face Mask. The high-quality five-layer nano-porous reusable face mask utilises innovative polytetrafluoroethylene material which is known for its ability to filter microorganisms such as bacteria and viruses, while still being durable, lightweight, and breathable. The Group has long held plans to venture into e-commerce as it believes that the prevalence of online retail platforms will continue to grow. However, with COVID-19 the shift of retail away from brick-and-mortar stores towards online sales channels is prevalent and the Group believed it was an opportune time to launch the XCF brand and its online store.

FINANCIAL HIGHLIGHTS

In FY2020, the Group recorded a net profit of S$3.1 million, reversing a net loss of S$1.9 million a year ago, in the absence of a one-off, non-cash transaction and acquisition costs arising from the reverse takeover that was completed in 2019, as well as lower selling and marketing expenses. This was achieved despite the Group's revenue declining 18.9% to S$71.0 million from operational disruptions resulting from the COVID-19 pandemic and its related countermeasures.

Even with a slight dip in the Group's gross profit from S$13.5 million to S$13.2 million in FY2020, gross profit margin improved by 3.1 percentage points year-on-year to 18.5% as a result of the Group's continued efforts to manage its manufacturing costs more prudently. In its latest full-year results, the Group posted earnings per share of 1.83 Singapore cents, while net asset value per share as at 31 December 2020 rose 19.9% to 10.87 cents Singapore cents.

BUSINESS OUTLOOK AND FUTURE PLANS

Looking ahead, the Group anticipates that the global economic outlook will remain challenging. Nonetheless, we will continue to remain adaptable and capture opportunities where they arise.

In light of the protracted COVID-19 pandemic and its dampening effect on the global economy, the Group has observed that some smaller apparel manufacturing firms have begun reducing the scale of their operations, which has in turn caused their customers to begin seeking for alternative manufacturers who will be able to take over some contracts. In addition, the Group also believes that with US-China trade tensions likely to persist, many US-based retailers will continue to seek alternatives to Chinese manufacturers, such as manufacturers in Southeast Asia like ourselves. 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.

In addition to the COVID-19 pandemic and US-China trade tensions, the Group's operations are also likely to be affected by new developments related to Brexit. In January 2021, the United Kingdom implemented a Generalised Scheme of Preferences ("**GSP**") in place of European Union ("**EU**") trade guidelines which it previously followed while still a member of the EU. Under the GSP, the UK will have duty-free and quota-free access of goods from a list of 'Least Developed Countries', which Cambodia falls under. We are optimistic that this preferential trading status will encourage buyers' sentiment amongst our UK-based customers, particularly in respect of products that are manufactured and shipped from our two apparel manufacturing facilities in Cambodia.

In the year ahead, we intend to continue building up our XCF brand and expanding its product portfolio to include active and lifestyle wear. In particular, we plan to focus on developing a functional t-shirt product featuring unique materials, as we believe that we will be able to utilise our research and development capabilities to add innovative elements to this utilitarian and universal apparel item. The Group also intends to utilise digital branding and marketing methods, such as building a social media presence, to promote the brand and its products.

We intend to continue upgrading our textile manufacturing facility as well, specifically by investing RM1.0 million to purchase two additional dyeing machines. We believe these machines will increase the efficiency of our fabric dyeing process, thereby increasing the overall production capacity of our textile manufacturing facility.

The Group also intends to take greater strides towards sustainability, such as by investing a total of RM3.5 million in the installation of solar photovoltaic systems at our apparel and textile manufacturing facilities in Batu Pahat. We believe that this investment in particular will not only reduce operational costs for the Group but also alleviate environmental harm overall.

Moving forward, the Group will continue to vigilantly observe the COVID-19 situation as it evolves. The health and safety of our employees remains a priority, and the Group will continue to implement health and safety precautions across our operations such as the mandated wearing of face masks, safe distancing measures, thorough cleaning and disinfection of factory areas, as well as checking in daily with our workers on their health conditions. In light of the recent resurgence of COVID-19 cases in Malaysia in early 2021, which in turn led to the implementation of lockdown measures of varying extents across the country, the Group will continue to closely monitor our operations in this respect in order to anticipate any potential disruptions in the future and mitigate any consequent impact.

APPRECIATION

Reflecting on the past year, which has been challenging, we would like to extend our deepest appreciation to our employees and staff for their hard work and dedication, and to our fellow members of the Board for their invaluable insights.

We would also like to express our gratitude to our business partners and customers for their continued confidence in us. Finally, we would like to thank our shareholders, for your steadfast support amidst difficult times.

We will remain resilient in the year ahead and continue to adapt and persevere amidst challenges.

Lim Siau Hing
Executive Chairman

Damien Lim Vhe Kai
Executive Director and
Chief Executive Officer

BOARD OF DIRECTORS

MR. LIM SIAU HING
EXECUTIVE CHAIRMAN

Board Committee(s) served on:
Nil

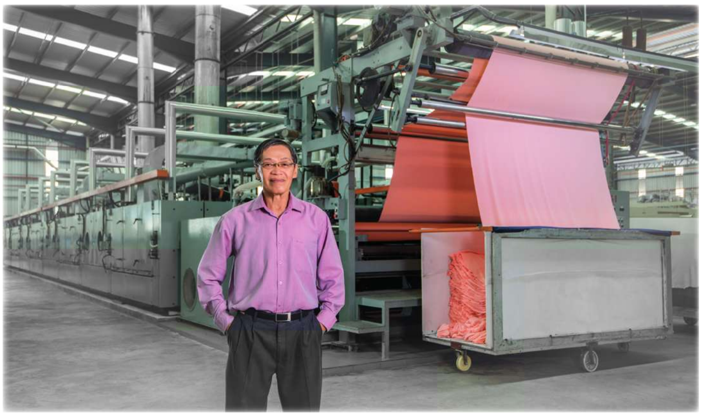
Date of first appointment:
18 February 2019

Last re-elected:
26 June 2020

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.



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.

MR. DAMIEN LIM VHE KAI
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Board Committee(s) served on:
Nil

Date of first appointment:
18 February 2019

Last re-elected:
29 April 2019

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.
- Moon Apparel (Cambodia) Co., Ltd.
- Callisto Apparel (Cambodia) Co., Ltd.
- Vertical Delta Sdn. Bhd.
- Haruaki Ventures Sdn. Bhd.
- Xentika Limited

Mr Damien Lim Vhe Kai joined KTM in August 2002, and has more than 18 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. Additionally, he is responsible for setting the Group's strategic direction and executing its business strategy. Mr Lim also spearheads the design, marketing, and development of new products.

Mr Lim began his career as an information technology ("**IT**") professional upon graduating from his university studies in Canada. Mr 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 a data centre for the platform in collaboration with Motorola, Inc.. He was also a Group Network Security consultant for RHB banking group in 2001, where he assessed the group's online banking system and network vulnerabilities, and provided technical consultancy regarding its data center and network infrastructure. He joined the Group in August 2002 to help his father, Mr Lim Siau Hing, in the family business.

BOARD OF DIRECTORS

MR. GOH YEOW TIN
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

Board Committee(s) served on:
- Nominating Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)

Date of first appointment:
1 October 2007

Last re-elected:
26 June 2020

Academic and Professional Qualifications:
- Bachelor Degree in Mechanical Engineering (Honours), University of Singapore (1975)
- Masters Degree in Industrial Engineering and Management, Asian Institute of Technology (1979)

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 is an Independent Director of Sheng Siong Group Ltd, AsiaPhos Limited, Vicom Ltd and TLV 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.

Listed Company directorships and other principal commitments:

- Sheng Siong Group Ltd.
- AsiaPhos Limited
- Vicom Ltd
- TLV Holdings Limited
- Edu Community Pte. Ltd.
- Kiran Electronic B&C Services Pte. Ltd.
- Seacare Foundation Pte. Ltd.
- Seacare Manpower Services Pte. Ltd.
- Seacare Medical Holdings Pte. Ltd.

MR. YAP BOH PIN
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Board Committee(s) served on:
- Audit Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Date of first appointment:
1 April 2004

Last re-elected:
29 April 2019

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)

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, Mr Yap 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. Mr Yap also holds directorship in Asia Mobile Holdings Pte Ltd, which is a subsidiary of Singapore Technologies Telemedia Pte Ltd.

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 their Finance Committee. He was also a member of the Board of Trustees and Audit Committee of the Chinese Development Assistance Council from March 2006 to June 2018. He also held the posts of Chairman, Finance Committee and Honorary Treasurer of Singapore Heart Foundation from July 2009 to September 2013.

Listed Company directorships and other principal commitments:

- Overseas Realty (Ceylon) Plc
- STT Communications (Shanghai) Co Ltd
- B.P.Y. Private Limited

BOARD OF DIRECTORS

MR. KOH BOON HUAT
NON-EXECUTIVE AND INDEPENDENT DIRECTOR

Board Committee(s) served on:
- Remuneration Committee (Chairman)
- Audit Committee (Member)
- Nominating Committee (Member)

Date of first appointment:
18 February 2019

Last re-elected:
29 April 2019

Academic and Professional Qualifications:
- Diploma in Management, Malaysian Institute of Management (1998)
- Degree in Management (Honours), Multimedia University (2006)

Mr Koh Boon Huat has 41 years of experience in the banking and finance industry. 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 Bhd, Batu Pahat. Mr Koh was also an officer of Arab-Malaysian Finance Bhd, 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 personal assistant to the managing director of S.P.I. Holdings Sdn. Bhd. He rejoined the banking industry in 1997 as a branch manager for Oriental Bank Berhad, Batu Berendam. He subsequently served as a branch manager for Phileo Allied Bank Berhad, Batu Pahat from 1997 to 2001.

In 2001, Mr Koh Boon Huat was the branch manager of United Overseas Bank (Malaysia) Bhd, Kluang, and from 2002 to 2008, he was the branch manager of United Overseas Bank (Malaysia) Bhd, Batu Pahat. He last held the position of area manager with United Overseas Bank (Malaysia) Bhd, South Area Centre from November 2008 to June 2016, where he was responsible for 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.

KEY MANAGEMENT

MR. CHEW CHONG KIAT **CHIEF OPERATING OFFICER ("COO")**

Mr Chew Chong Kiat is responsible for the day-to-day operations of the Group, overseeing the human resource, administration, shipping, 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 in Malaysia. From July 2000 to June 2002, he was a lecturer of Economics at Sepang Institute of Technology, Klang.

Mr Chew graduated with a Bachelor of Arts from the University of Toronto in December 1995, double-majoring in Economics and Industrial Relations.

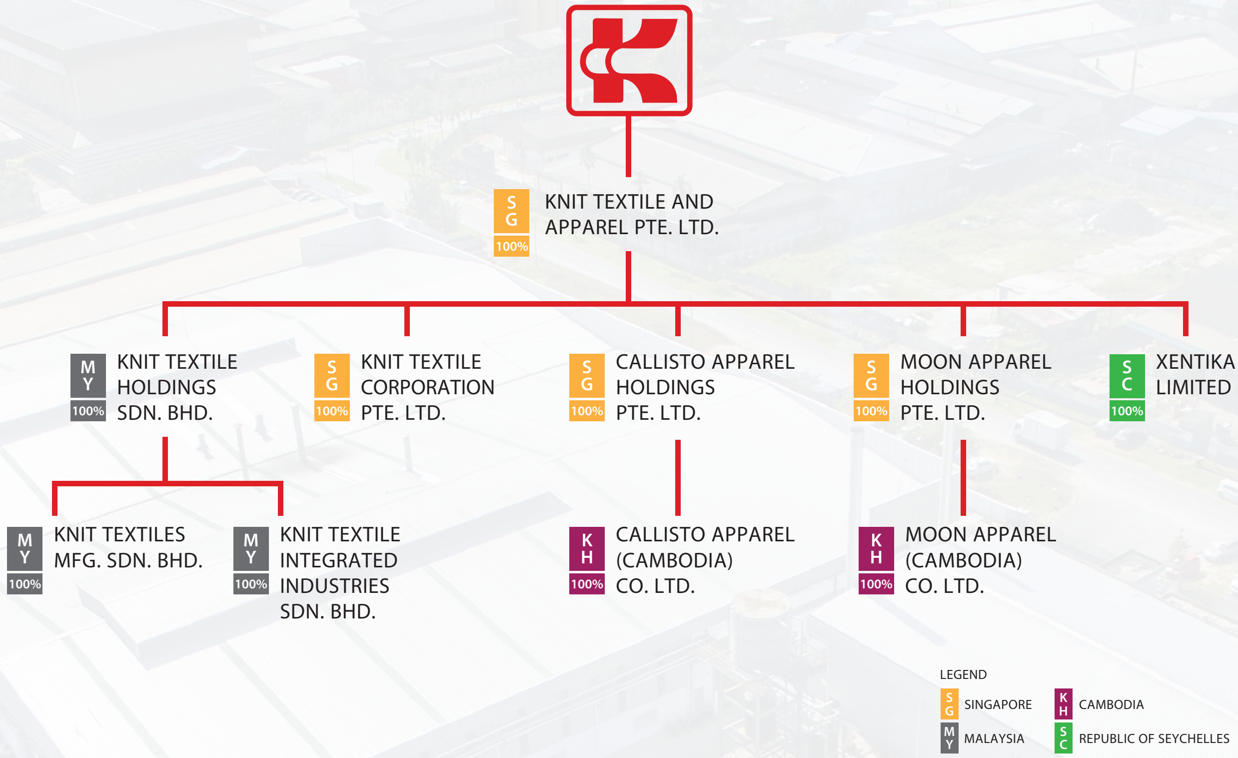
MR. LOW YONG HENG **FINANCIAL CONTROLLER**

Mr Low Yong Heng supervises the accounts and finance department of the Group.

Mr Low has accumulated over 25 years of experience in the accounting and finance industry. He began his career as an auditor before joining the commercial sector where he has held finance and accounting roles in various industries such as manufacturing, trading, construction and property development.

Mr Low graduated with a Bachelor's degree of Commerce from University of Wollongong in 1993. He is also a member of the Certified Practising Accountants (CPA Australia) and the Malaysian Institute of Accountants (MIA).

GROUP STRUCTURE



GROUP PROPERTIES

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

Location	Description	Land Area (sqm)	Tenure	Expiry Date	Book Value (S$'000)* as at 31/12/2020
No. 3A, Jalan Wawasan 16, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor, Malaysia.	Industrial land with manufacturing factory	14,630	Leasehold (60 years)	28 Aug 2067	1,152
No. 3, 3-1, Jalan Wawasan 21, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor, Malaysia.	Industrial land with manufacturing factory	7,955	Leasehold (60 years)	28 Aug 2067	1,376
PTD47291, Jalan Wawasan 21, Kawasan Perindustrian Sri Gading, 83300 Batu Pahat, Johor, Malaysia.	Industrial land	8,684.6	Leasehold (60 years)	24 Jan 2067	439
F-01, The Summit Batu Pahat, No. 88, Jalan Bakau Condong, 83000 Batu Pahat, Johor, Malaysia.	Commercial shop lot	42.5 (Built-up area)	Freehold	–	61
20, Jalan Sri Mewah 4, Taman Sri Mewah, 86200 Simpang Renggam, Johor, Malaysia.	Commercial shop lot	418.1 (Built-up area)	Freehold	–	111
HS (D) 1038 PTD 1856, Jalan Perahu, Taman Perindustrian Tongkang Pechah, Mukim Linau, 83000 Batu Pahat, Johor, Malaysia.	Industrial land	4,046.9	Leasehold (60 years)	6 Apr 2040	324
No. 2, Jalan Perahu, Taman Perindustrian Tongkang Pechah, 83000 Batu Pahat, Johor, Malaysia.	Industrial land with manufacturing factory	17,498	Freehold	–	6,984

*Exchange rate: MYR 1 = SGD 0.33

FINANCIAL REVIEW

PERFORMANCE REVIEW

	FY2020 (S$'000)	FY2019 (S$'000)
REVENUE	70,995	87,571
GROSS PROFIT	13,166	13,485
GROSS PROFIT MARGIN	18.5%	15.4%
PROFIT/(LOSS) BEFORE TAXATION	4,223	(1,736)
PROFIT/(LOSS) AFTER TAXATION	3,099	(1,903)

In FY2020, the Group's revenue declined by 18.9% to S$71.0 million mainly due to operational disruptions resulting from the COVID-19 pandemic and its related countermeasures.

Despite a slight dip in gross profit from S$13.5 million to S$13.2 million in FY2020, gross profit margin for the year improved by 3.1 percentage points to 18.5% due to the Group's continued efforts to manage its manufacturing costs prudently and the positive results from the textile manufacturing facility.

Other income rose to S$0.5 million from S$0.2 million the year before due to the subsidies from the Government of Malaysia through the wage subsidy programme.

Administrative and general expenses fell by 30.2% to S$6.6 million mainly attributable to (i) the absence of a one-off non-cash transaction and acquisition cost arising from the reverse takeover, which was completed in 2019, amounting to S$2.5 million; and (ii) decrease in impairment losses recognised on trade receivables of S$0.3 million to $48,000 (FY 2019 – $0.43 million), respectively.

Selling and marketing expenses dropped substantially by 60.4% to S$2.0 million largely due to a reduction in (i) commissions paid to apparel sourcing agents of S$0.8 million; (ii) travelling expenses for marketing purposes of S$0.2 million; and (iii) air freight cost of S$1.5 million arising from less delays on shipments of apparels sold to our customers during the year, and other-related expenditure.

Finance costs remained relatively unchanged at S$0.8 million in FY2020, compared to S$0.9 million a year ago.

Despite the lower revenue, the Group achieved a net profit after tax of S$3.1 million in FY2020, reversing a net loss of S$1.9 million in the previous year.

FINANCIAL POSITION

	AS AT 31 DEC 2020 (S$'000)	AS AT 31 DEC 2019 (S$'000)
NON-CURRENT ASSETS	18,962	19,737
CURRENT ASSETS	38,071	29,760
NON-CURRENT LIABILITIES	4,252	5,349
CURRENT LIABILITIES	34,338	28,767
NET ASSET VALUE	18,443	15,381
NUMBER OF ORDINARY SHARES IN ISSUE ('000)	169,682	169,682
NET ASSET VALUE PER SHARE (SINGAPORE CENTS)	10.87	9.06

As at 31 December 2020, the Group's net asset value was S$18.4 million, which translates to a net asset value per share of 10.87 Singapore cents, compared to 9.06 Singapore cents a year ago. Cash and bank balances stood at S$5.0 million.

NON CURRENT ASSETS

Non-current assets fell by 3.9% to S$19.0 million mainly due to a decrease in property, plant and equipment as a result of depreciation charge on the Group's property, plant and equipment and right-of-use assets during the year. This was partially offset by an increase in property, plant and equipment arising from the purchase of a new machinery for the textile manufacturing facility in Malaysia.

FINANCIAL REVIEW

CURRENT ASSETS

Current assets rose by 27.9% to S$38.1 million, largely attributable to an increase in: (i) inventories of S$1.0 million mainly due to the stockpiling of fabrics and other raw materials for the manufacturing of apparel products to be delivered in the first quarter of financial year ending 31 December 2021; (ii) trade and other receivables of S$6.4 million due to timing of receipts in the month of December 2020; and (iii) cash and bank balances of S$1.6 million arising from cash inflows from ongoing operations.

NON-CURRENT LIABILITIES

Non-current liabilities declined by 20.5% to S$4.3 million mainly due a decrease in (i) long-term borrowings of S$1.2 million as a result of the reclassification of term loans from non-current liabilities to current liabilities; and (ii) deferred tax liabilities of S$0.2 million. The drop was partially offset by an increase in lease liabilities of S$0.2 million arising from the leasing of new machinery for the textile manufacturing facility in Malaysia.

CURRENT LIABILITIES

Current liabilities rose by 19.4% to S$34.3 million mainly due an increase in (i) short-term borrowings of S$2.3 million arising from the reclassification of term loans from non-current liabilities to current liabilities; (ii) lease liabilities of S$0.2 million due to the leasing of new machinery for the textile manufacturing facility in Malaysia; and (iii) trade and other payables of S$3.1 million due to the purchases of raw materials in the last quarter of FY2020 to fulfil deliveries in the first quarter of FY2021.

CASH FLOW

	FY2020 (S$'000)	FY2019 (S$'000)
NET CASH GENERATED FROM OPERATING ACTIVITIES	2,448	4,129
NET CASH USED IN INVESTING ACTIVITIES	(374)	(1,755)
NET CASH USED IN FINANCING ACTIVITIES	(583)	(4,073)
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL YEAR (EXCLUDING DEPOSITS PLEDGED)	3,721	2,224

For FY2020, net cash flows from operating activities amounted to S$2.4 million, comprising operating cash inflows before changes in working capital of S$7.3 million, net working capital outflows of S$4.3 million, as well as income tax paid of S$0.5 million.

The Group used S$0.4 million cash for investing activities to purchase a new machinery for the textile manufacturing facility in Malaysia and upgrades on office equipment, furniture and fittings.

Net cash used in financing activities of S$0.6 million was largely due to repayment of lease liabilities, term loans and interests, which was partially offset by drawdown of short-term borrowings for working capital purposes.

Consequently, the Group's cash and cash equivalents excluding deposits pledged increased from S$2.2 million to S$3.7 million in FY2020.

CORPORATE SOCIAL RESPONSIBILITY

This year, in addition to focusing on our business operations, the Group also continued our corporate social responsibility efforts. As with the previous two years, we donated apparel to the students at Don Bosco Technical School in Teuk Thla, Phnom Penh, Cambodia. We also donated apparel to underprivileged families in the villages of Boeung Tamok and Lu Phram in Phnom Penh, Cambodia. We intend to continue these donations as we believe that they provide us with an avenue to give back to society while building strong relationships with the communities around us.

△ Children of Don Bosco School, Teuk Thla, Phnom Penh receiving their new clothes.

△ Don Bosco Salesian Sisters are ever ready to help in the distribution!

△ 100 Recipients of clothes from Boeung Tamok, Phnom Penh

△ Children from Lu Phram trying on their new clothes

FINANCIAL CONTENTS

STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2020

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 revised Code of Corporate Governance ("**Code**"), issued on 6 August 2018, 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 2020 ("**FY2020**"), 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)

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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;

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 are 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.

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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 Singapore Institute of Directors 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.

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. Article 106 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 FY2020 up to the date of this Report is tabulated below:–

Types of Meetings	**Board**		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
Names of Directors	**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**
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

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 FY2020, 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. 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.

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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, Chapter 50 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.

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 Catalist 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 Catalist 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

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(c) none of the Independent Directors are directly associated with a substantial shareholder of the Company.

Save for Mr Goh Yeow Tin and Mr Yap Boh Pin, who was appointed to the Board on 1 October 2007 and 1 April 2004 respectively, none of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment. Mr Goh Yeow Tin and Mr Yap Boh Pin, have offered themselves for re-election in the forthcoming Annual General Meeting ("**AGM**") to be held on 30 April 2021 and will be subject to the two-tier vote pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, i.e. (i) by all shareholders; and (ii) by all shareholders excluding shareholders who are. Directors or CEO and their associates ("**Two-Tier Vote**").

The Board had considered that Mr Goh Yeow Tin and Mr Yap Boh Pin were appointed as and acted as Independent Directors at a time when the Company was carrying on a different business that was led by a different management prior to the completion of the reverse takeover transaction. Further, Mr Goh Yeow Tin and Mr Yap Boh Pin have substantial business and commercial experience and substantial understanding of the role of, and experience in acting as, independent directors, having been appointed as independent directors of a number of SGX-ST listed companies over the years.

In addition to the above, the Nominating Committee and the Board had considered the following:

(a) Mr Goh Yeow Tin and Mr Yap Boh Pin's contributions in terms of professionalism, integrity, objectivity and ability to exercise independent judgement in their deliberation of matters in the interest of the Company;

(b) Mr Goh Yeow Tin and Mr Yap Boh Pin having no personal and business relationship with the Company's substantial shareholders, executive directors or management that could impair his fair judgement;

(c) Mr Goh Yeow Tin and Mr Yap Boh Pin are non-executive and do not interfere with the day-to-day management of the business operations or participate in any operational or management meetings;

(d) Mr Goh Yeow Tin and Mr Yap Boh Pin's attendance in Board and Board Committee meetings and time commitment to the affairs of the Group;

(e) Mr Goh Yeow Tin and Mr Yap Boh Pin did not receive any gift or financial assistance from the Group; and

(f) Mr Goh Yeow Tin and Mr Yap Boh Pin are not financially dependent on fees received from the Company and their Directors' fees are not linked to the performance of the Group.

In view of the above, the Board has recommended shareholders to approve the continued appointment of Mr Goh Yeow Tin and Mr Yap Boh Pin as Independent Directors of the Company, subject to the Two-Tier Vote pursuant to Rule 406(3)(d)(iii) of the Catalist Rules.

Subject to the passing of the Resolutions pertaining to the Two-Tier Voting process for Mr Goh Yeow Tin and Mr Yap Boh Pin to continue in office as independent director of the Company for a three-year term, they will continue to serve as Independent Directors of the Company, until the earlier of their retirement or resignation, or the conclusion of the third AGM of the Company following the passing of these Resolutions.

In the event that shareholders' do not approve the continued appointment of Mr Goh Yeow Tin and Mr Yap Boh Pin as Independent Directors of the Company, they will be considered as Non-Independent, Non-Executive Directors on the Board from 1 January 2022 and the Company will endeavor to appoint additional Independent Directors or replacement Independent Directors in place of Mr Goh Yeow Tin and Mr Yap Boh Pin within two (2) months, but in any case not later than three (3) months from the date of AGM.

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 a number of aspects, including but not limited to gender, age, educational background, professional experience, skills and knowledge. 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 will further consider other aspects of diversity such as gender and age, and assist the Board to put in place a board diversity policy and progress for implementation of such policy, so as to avoid groupthink and foster constructive debate. 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.

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The Board is made up of Directors who are qualified and experienced in various fields including in the areas of strategic planning, business and management, accounting and finance, engineering and industry which the Group operates in. The Board considers that its composition of Directors is well-balanced, with each Director having well-mixed knowledge, business network and commercial experience. The profiles of each of the Directors are provided in pages 10 to 12 of this Annual Report. Accordingly, the current Board comprises persons who as a group, have core competencies necessary to lead and oversee the Company.

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.

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In view that the Executive Chairman is not being regarded as 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.

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, notwithstanding that the independence of Mr Goh Yeow Tin and Mr Yap Boh Pin is subject to the Two-Tier Vote by shareholders at the forthcoming AGM.

Pursuant to the Constitution of the Company, at least one third (or if their number is not three or a multiple of three, then the number nearest one-third) of the Directors must retire from office at an Annual General Meeting of the Company. 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.

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For FY2020, 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/re-appointment at the forthcoming AGM:

Pursuant to Regulation 95 of the Company's Constitution:

Mr Lim Vhe Kai
Mr Yap Boh Pin

Pursuant to Rule 406(3)(d)(iii)(A) and 406(3)(d)(iii)(B) of the Catalist Rules which will take effect on 1 January 2022:

Mr Yap Boh Pin
Mr Goh Yeow Tin

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

	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
Date of Appointment	18 February 2019	1 April 2004	1 October 2007
Date of last re-appointment	29 April 2019	29 April 2019	26 June 2020
Age	46	80	70
Country of principal residence	Malaysia	Singapore	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 Vhe Kai for re-appointment as Director of the Company. The Board has reviewed and concluded that Mr Lim Vhe Kai possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Nominating Committee has recommended the following proposal be submitted to the shareholders for approval at the AGM to approve the appointment of Mr Yap Boh Pin as Independent Director (as his tenure has exceeded nine years) pursuant to Rule 406(3)(d)(iii) of the Catalist Rule which will take effect on 1 January 2022. Mr Yap Boh Pin has substantial business and commercial experience and substantial understanding of the role of, and experience in acting, as independent directors, having been appointed as independent directors of a number of SGX-ST listed companies over the years. The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Yap Boh Pin for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Yap Boh Pin will be able to exercise independent judgement and demonstrate objectivity in his conduct and deliberations at Board and Board Committee meetings.	The Nominating Committee has recommended the following proposal be submitted to the shareholders for approval at the AGM to approve the appointment of Mr Yap Boh Pin as Independent Director (as his tenure has exceeded nine years) pursuant to Rule 406(3)(d)(iii) of the Catalist Rule which will take effect on 1 January 2022. Mr Goh Yeow Tin has substantial business and commercial experience and substantial understanding of the role of, and experience in acting, as independent directors, having been appointed as independent directors of a number of SGX-ST listed companies over the years. The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Goh Yeow Tin for re-appointment as Non-Executive and Lead Independent Director of the Company. The Board has concluded that Mr Goh Yeow Tin will be able to exercise independent judgement and demonstrate objectivity in his conduct and deliberations at Board and Board committee meetings.

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	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
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 Director and CEO	Independent Non-Executive Director, Chairman of the AC and member of the RC and NC.	Non-Executive and Lead Independent Director, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee.
Professional qualifications	Mr Lim Vhe Kai graduated with a Bachelor of Science, Computer Information Systems (Honours) from the University of Windsor, Ontario, Canada in 1997.	In October 1966, Mr Yap Boh Pin qualified as a Chartered Accountant (Associate) from the Institute of Chartered Accountants in England and Wales. He also qualified as a Chartered Accountant (Fellow) of the Institute of Chartered Accountants in England and Wales, and the Institute of Singapore Chartered Accountants in January 1997 and January 2005 respectively.	Mr Goh Yeow Tin holds a Bachelor's Degree in Mechanical Engineering (Hons) and a Master's Degree in Industrial Engineering and Management.
Working experience and occupation(s) during the past 10 years	Knit Textiles Mfg. Sdn. Bhd. (August 2002 – Present) – Marketing Director	B.P.Y Private Limited (January 1999 – Present) – Managing Director	Seacare Foundation Pte Ltd (2012 – Present) – Advisor Sino-Sing Center Pte Ltd (2001 – 2011) – Chief Executive Officer
Shareholding interest in the listed issuer and its subsidiaries	Indirect Interest: 85,000,000 ordinary shares Pursuant to Section 4 of the Securities and Futures Act (Chapter 289), Mr 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 Mr Lim Vhe Kai is a beneficiary.	Direct Interest: 507,262 ordinary shares	Direct Interest: 503,857 ordinary shares

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	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
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) Present	Past 5 Years – High Essential Sdn. Bhd. – Kaji Sdn. Bhd. – Precise Action Sdn. Bhd. – Windsor Mile Capital Pte. Ltd. (struck off on 7 October 2019) Present – Knit Textile Corporation Pte. Ltd. – Knit Textiles Mfg. Sdn. Bhd. – Moon Apparel (Cambodia) Co., Ltd. – Knit Textile Integrated Industries Sdn. Bhd. – Callisto Apparel (Cambodia) Co., Ltd. – Xentika Limited – Vertical Delta Sdn. Bhd. – Haruaki Ventures Sdn. Bhd.	Past 5 Years – Robertson Quay Development Pte Ltd – STT Communications (Beijing) Co., Ltd – Tennessee Pte. Ltd. – The Marketing Interchange Pte. Ltd. – Yappstar Pte. Ltd. – SK Investments Lanka (Private) Limited – TeleChoice International Limited – Eunicent Pte. Ltd. Present – Asia Mobile Holdings Pte. Ltd. – Amatil Investments (S) Pte Ltd – B.P.Y. Private Limited – Ceylon Shipping Agency Pte Ltd – GZLNi Pte. Ltd. – Havelock City (Pvt) Ltd – K & N Pacific Investments (S) Pte Ltd – Kraus & Naimer Pte. Ltd.	Past 5 Years – Linknet Asia Pte Ltd – OEL (Holdings) Limited – Singapore Post Limited – SGP Global Private Limited (f.k.a. Watertech Pte Ltd) Present – Sheng Siong Group Ltd. – AsiaPhos Limited – Vicom Limited – TLV (Holdings) Limited – EDU Community Pte. Ltd. – Kiran Electronic B & C Services Pte. Ltd. – Seacare Foundation Pte Ltd – Seacare Manpower Services Pte Ltd – Seacare Medical Holdings Pte Ltd

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	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
		– Mireka Capital Land (Pvt) Ltd – Mireka Homes (Pvt) Ltd – Overseas Realty Investments (Pvt) Ltd – Overseas Realty (Ceylon) PLC – Park Tower Properties (Private) Limited – Shing Investments Pte Limited – Shing Kwan Investment (Singapore) Pte Ltd – Shing Kwan Pte Ltd – Singapore-Suzhou Township Development Pte Ltd – STT Communications (Shanghai) Co., Ltd – Tyma Investments Pte Ltd – ACS (International)	

	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
	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.		
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

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	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
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
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
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

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	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– 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	Yes Mr. Goh Yeow Tin ("**Mr. Goh**") was appointed independent director of Singapore Post Limited ("**SingPost**") on 7 July 2014. He was subsequently re-designated as executive director for the period from 1 January 2016 up to 24 June 2016. On 23 December 2015, SingPost announced it would be appointing Special Auditors, on the request of one of it's directors to investigate the issues raised in the media reports in relation to certain acquisitions, including the purchase of the entire issued and paid-up capital of F.S. Mackenzie Limited announced on 18 July 2014. Pricewaterhouse Coopers LLP was appointed as Special Auditors on 19 January 2016 and subsequently Drew & Napier LLC was appointed as Joint Special Auditor on 5 February 2016 (collectively, the "**Joint Special Auditors**")

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	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
			The SGX-ST had, on 4 May 2017, issued a reprimand to SingPost based for breaches of the Listing Rules on the findings of the Joint Special Auditors. Notwithstanding the above, Mr. Goh has represented to the Company the following: (a) he was not the subject of any investigations conducted by the Joint Special Auditors; (b) he ceased to be a director of SingPost on 24 June 2016 and at that point in time, Mr. Goh was not made aware of any investigations that were actually being carried out by any relevant authority in relation to the affairs of SingPost for a breach of any law or regulatory requirement. (c) he was not called up by any authority for any interview or to respond to any queries and Mr. Goh understood that the reprimand was based on the findings of the Joint Special Auditors and Heidrick & Struggles (the "**Corporate Governance Reviewer**") and had taken into account the representations made by SingPost to the SGX-ST.
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

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	MR LIM VHE KAI	MR YAP BOH PIN	MR GOH YEOW TIN
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 in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
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. Please refer to (j)(i) for more information.
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.	N.A.	N.A.

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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.

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 FY2020.

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;

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(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.

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 FY2020, 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.

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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.

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 FY2020 are set out below:

	Breakdown of Remuneration in Percentage (%)					
Directors	**Fees**	**Salary**	**Benefits-in-kind**	**Variable 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	–	81.4	0.9	17.7	100	Band D
Lim Vhe Kai	–	79.9	2.7	17.4	100	Band D

Key Management	**Breakdown of Remuneration in Percentage (%)**					
	Designation	**Salary**	**Benefits-in-kind**	**Variable bonus**	**Total**	
		%	%	%	%	
Chew Chong Kiat	Chief Operating Officer	85.2	2.3	12.5	100	Band B
Low Yong Heng	Financial Controller	100	–	–	100	Band A

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

The aggregate amount of the total remuneration paid to the key management personnel (who are not Directors or CEO) is S$256,000 in FY2020. For FY2020, there are only two (2) key management personnel of the Group, excluding the Executive Chairman and the CEO.

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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.

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 FY2020.

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 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.

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.

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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 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 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 FY2020, 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 Low Yong Heng, the Financial Controller 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.

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.

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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;

(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.

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Key Audit Matters

In its review of the financial statements of the Group for FY2020, 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 FY2020, one key audit matter ("**KAM**") was reported by the external auditors and is set out on page 47 of this Annual Report, being recoverability on trade receivables. 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$116,327 in respect of FY2020. 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.

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.

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 Nexia TS Risk Advisory Pte Ltd ("**Nexia TS**") as the internal auditor to review the internal control processes of the Group. Nexia TS is a company of Nexia TS Public Accounting Corporation, which is recognised as an established mid-tier accounting firm for more than 25 years. Nexia 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 13 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. 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.

The Company has put in place arrangements for a whistle-blowing framework by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the AC. Such whistle-blowing policy is publicly disclosed on the Company's website, and clearly communicated to employees of the existence of a whistle-blowing policy and procedures for raising such concerns. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports will be addressed to the AC members through designated email addresses.

STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2020

Through briefings and advices given by the external auditors, the AC and Management are always kept abreast of changes to accounting standards and issues which have a direct impact on financial statements.

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 AGM 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, Chapter 50 (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 FY2020, all Directors were present at the last AGM held on 26 June 2020. Save for the aforementioned AGM, there was no other general meeting held during FY2020.

Minutes of general meetings, including substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board or the Management, will be available published on its corporate website as soon as practicable.

STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2020

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 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 was recommended and paid for the financial year ended 31 December 2020 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.

The Company has appointed 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) as 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, on the 'Investor Relations' page of its corporate website, 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 to communicate and engage with stakeholders.

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.

STATEMENT OF CORPORATE GOVERNANCE

FY 31 DECEMBER 2020

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 FY2020 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

In respect of the Sustainability Report, the Company has initiated the process internally. The Company is in the midst of drafting the sustainability practices by, inter alia, 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. The Company may, if necessary, consider engaging such external parties to assist in preparing the Sustainability Report.

As the Company had completed its reverse takeover transaction in February 2019, the Company will issue its first Sustainability Report for the first full financial year of listing, being FY2020, by 31 December 2021.

NON-SPONSORSHIP FEES

There was no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**") for FY2020.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The directors submit this statement to the members together with the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2020.

In the opinion of the directors,

(a) the accompanying financial statements of the Group and the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended 31 December 2020 in accordance with the provisions of the Singapore Companies Act, Chapter 50 (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 Companies Act, Cap. 50, 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 1.1.2020	As at 31.12.2020	As at 21.1.2021	As at 1.1.2020	As at 31.12.2020	As at 21.1.2021
The Company – KTMG Limited						
Lim Siau Hing @ Lim Kim Hoe	51,500,000	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	303,857	503,857	503,857	–	–	–
Yap Boh Pin	207,262	507,262	507,262	–	–	–

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 beneficiaries of. Mr. Lim Siau Hing @ Lim Kim Hoe and Mr. Lim Vhe Kai, 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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 Companies Act, Cap. 50, 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 quarterly 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 2020 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;

(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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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: 13 April 2021

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 2020, and the consolidated statement of 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 a summary of significant accounting policies.

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 Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 2020, 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.

Recoverability of trade receivables

The Group's trade receivables as at 31 December 2020 amounted to $21 million, representing 37% 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.

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 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 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 also been set out in Notes 8 and 23 to the financial statements respectively.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

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 and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's and the Company'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.

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 control 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 Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

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

- 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 and the Company'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 or the Company 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, related safeguards.

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.

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 Kong Chih Hsiang Raymond.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore
13 April 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	The Group 31 December 2020 $'000	The Group 31 December 2019 $'000	The Company 31 December 2020 $'000	The Company 31 December 2019 $'000
ASSETS					
Non-current Assets					
Property, plant and equipment	4	**14,638**	15,718	**–**	–
Right-of-use assets	5	**4,114**	3,724	**–**	–
Subsidiary	6	**–**	–	**26,400**	26,400
Deferred tax assets	14	**210**	295	**–**	–
		18,962	19,737	**26,400**	26,400
Current Assets					
Inventories	7	**10,782**	9,812	**–**	–
Trade and other receivables	8	**22,324**	15,924	**226**	59
Tax recoverable		**–**	664	**–**	–
Cash and cash equivalents	9	**4,965**	3,360	**8**	13
		38,071	29,760	**234**	72
Total assets		**57,033**	49,497	**26,634**	26,472
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**33,201**	33,201	**33,201**	33,201
Reserves	11	**(14,758)**	(17,820)	**(7,691)**	(7,256)
Total equity		**18,443**	15,381	**25,510**	25,945
LIABILITIES					
Non-current liabilities					
Borrowings	12	**2,213**	3,375	**–**	–
Lease liabilities	13	**2,023**	1,786	**–**	–
Deferred tax liabilities	14	**16**	188	**–**	–
		4,252	5,349	**–**	–
Current Liabilities					
Borrowings	12	**15,630**	13,326	**–**	–
Lease liabilities	13	**667**	482	**–**	–
Trade and other payables	15	**18,041**	14,959	**1,124**	527
		34,338	28,767	**1,124**	527
Total liabilities		**38,590**	34,116	**1,124**	527
Total equity and liabilities		**57,033**	49,497	**26,634**	26,472

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Group	Note	Year ended 31 December 2020 $'000	Year ended 31 December 2019 $'000
Revenue	16	**70,995**	87,571
Cost of sales		**(57,829)**	(74,086)
Gross profit		**13,166**	13,485
Other income		**489**	221
Administrative and general expenses		**(6,594)**	(9,441)
Selling and marketing expenses		**(2,007)**	(5,071)
Finance costs	17	**(831)**	(930)
Profit/(loss) before taxation	18	**4,223**	(1,736)
Taxation	19	**(1,124)**	(167)
Profit/(loss) for the year attributable to owners of the Company		**3,099**	(1,903)
Other comprehensive loss after tax:			
Item that will be reclassified subsequently to profit or loss			
Currency translation differences		**(37)**	(125)
Total comprehensive income/(loss) for the year attributable to owners of the Company		**3,062**	(2,028)
Earnings/(loss) per share (cents)			
– Basic/diluted earnings/(loss) per share	20	**1.83**	(1.12)

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 2020

	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Translation reserve $'000	Retained earnings $'000	Total equity $'000
At 1 January 2019 (unaudited)	4,865	–	–	224	9,757	14,846
Loss for the year	–	–	–	-	(1,903)	(1,903)
Other comprehensive loss	–	–	–	(125)	-	(125)
Total comprehensive loss for the year	–	–	–	(125)	(1,903)	(2,028)
Transactions with owners, recognised directly in equity:						
Contributions to and distributions to owners of the Company:						
Effects of restructuring	31,962	–	(20,106)	–	(43,064)	(31,208)
Issue of shares pursuant to the completion of the RTO	33,200	571	–	–	–	33,771
Capital reduction	(36,826)	–	–	–	36,826	–
Balance at 31 December 2019	33,201	571	(20,106)	99	1,616	15,381
Profit for the year	**–**	**–**	**–**	**–**	**3,099**	**3,099**
Other comprehensive loss	**–**	**–**	**–**	**(37)**	**–**	**(37)**
Total comprehensive income for the year	**–**	**–**	**–**	**(37)**	**3,099**	**3,062**
Balance at 31 December 2020	**33,201**	**571**	**(20,106)**	**62**	**4,715**	**18,443**

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 2020

	Note	Year ended 31 December 2020 $'000	Year ended 31 December 2019 $'000
Cash Flows from Operating Activities			
(Loss)/profit before taxation		**4,223**	(1,736)
Adjustments for:			
Acquisition costs arising from the RTO	18	**–**	1,429
Transaction costs arising from the RTO	18	**–**	1,100
Depreciation of property, plant and equipment	4	**1,454**	1,433
Depreciation of right-of-use assets	5	**760**	587
Gain on disposal of property, plant and equipment		**15**	(28)
Impairment loss recognised on trade receivables, net	8	**48**	431
Interest expense	17	**831**	930
Interest income		**(36)**	(47)
Operating profit before working capital changes		**7,295**	4,099
Changes in trade and other receivables		**(6,448)**	5,765
Changes in inventories		**(970)**	1,291
Changes in trade and other payables		**3,082**	(6,327)
Cash generated from operations		**2,959**	4,828
Interest received		**36**	47
Income tax paid		**(547)**	(746)
Net cash generated from operating activities		**2,448**	4,129
Cash Flows from Investing Activities			
Cash and cash equivalents acquired on completion of the RTO	10	**–**	12
Purchase of property, plant and equipment		**(422)**	(1,932)
Proceeds from disposal of property, plant and equipment		**48**	165
Net cash used in investing activities		**(374)**	(1,755)
Cash Flows from Financing Activities			
Proceeds from term loans and other short-term loans	Note A	**42,515**	72,046
Repayment of term loans and other short-term loans	Note A	**(41,373)**	(74,534)
Repayment of principal elements of lease liabilities	Note A	**(786)**	(523)
Interest paid	Note A	**(831)**	(930)
Changes in pledged deposits		**(108)**	(132)
Net cash used in financing activities		**(583)**	(4,073)
Net increase/(decrease) in cash and cash equivalents		**1,491**	(1,699)
Effects of exchange rate changes on cash and cash equivalents at the beginning of the year		**6**	15
Cash and cash equivalents at beginning		**2,224**	3,908
Cash and cash equivalents at end	9	**3,721**	2,224

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 2020

Reconciliation of liabilities arising from financing activities excluding equity items:

	Borrowings $'000 (Note 12)	Lease liabilities $'000 (Note 13)	Total $'000
At 1 January 2019 (unaudited)	19,438	–	19,438
Cash flows from financing activities (Note A):			
– Proceeds from term loans	5,136	–	5,136
– Proceeds from other short-term loans	66,910	–	66,910
– Repayment of term loans	(6,280)	–	(6,280)
– Repayment of other short-term loans	(68,254)	–	(68,254)
– Repayment of principal elements of lease liabilities	–	(523)	(523)
– Interest paid	(861)	(69)	(930)
	(3,349)	(592)	(3,941)
Non-cash changes:			
– Adoption of SFRS(I) 16	(249)	2,023	1,774
– New leases acquired during the financial year	–	768	768
– Interest expense	861	69	930
	612	2,860	3,472
At 31 December 2019	16,701	2,268	18,969
Cash flows from financing activities (Note A):			
– Proceeds from other short-term loans	**42,515**	**–**	**42,515**
– Repayment of term loans	**(1,272)**	**–**	**(1,272)**
– Repayment of other short-term loans	**(40,101)**	**–**	**(40,101)**
– Repayment of principal elements of lease liabilities	**–**	**(786)**	**(786)**
– Interest paid	**(548)**	**(283)**	**(831)**
	594	**(1,069)**	**(475)**
Non-cash changes:			
– New leases acquired during the financial year	**–**	**1,208**	**1,208**
– Interest expense	**548**	**283**	**831**
	548	**1,491**	**2,039**
At 31 December 2020	**17,843**	**2,690**	**20,533**

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 2020

1 GENERAL INFORMATION

The financial statements of the Group and the Company for the year ended 31 December 2020 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 80 Robinson Road #02-00, Singapore 068898.

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 takeover ("RTO" or "reverse acquisition") by Knit Textile and Apparel Pte. Ltd. ("KTAPL") and subsidiaries (the "KTAPL Group") which was completed on 18 February 2019 with the issuance of 166 million new ordinary shares to the shareholders of the Company. (See Notes 10 and 3(a))

The principal activity of the Company is that of an investment holding company. The principle activities of the subsidiaries are set out in Note 6 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)") including related Interpretations promulgated by the Accounting Standards Council ("ASC").

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) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

(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 comprehensive income. It also impacts the exchange gains and losses included in the statement of comprehensive income.

(ii) Determination of the lease term of right-of-use assets (Note 5)

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 factory premises 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 to 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.

(iii) Income taxes (Note 19)

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 accounting estimates and assumptions used in applying accounting policies

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

(b) Critical accounting estimates and assumptions used in applying accounting policies (Continued)

(i) Depreciation of property, plant and equipment and right-of-use assets (Notes 4 and 5)

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 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 economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast 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.

(iii) Estimation of the incremental borrowing rate ("IBR") (Notes 5 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 ("IRIIL") and, if the IRIIL 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 IRIIL 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 5 and 13 respectively. An increase/decrease of 100 basis points 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) Deferred tax assets (Note 14)

Deferred tax assets mainly relate to the timing differences between the actual claimable capital allowance in excess of the depreciation expense of the certain property, plant and equipment recorded in a wholly owned subsidiary of the Group in Malaysia which is loss-making. The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. Deferred tax assets are recognised to the extent that it is probable that future income will be available against which the temporary difference can be utilised. This involves judgement regarding future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Management has assessed that it is reasonable to recognise deferred tax assets based on probable future taxable income. The carrying amount of the Group's deferred tax assets is disclosed in Note 14. A decrease of 10% in the above timing differences will not materially affect the amount of deferred tax assets recognised at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

On 1 January 2020, the Group and the Company adopted the following SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements did not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or disclosures reported for the current or prior reporting periods.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 1-1, SFRS(I) 1-8	*Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material*	1 January 2020
Revised *Conceptual Framework for Financial Reporting*		1 January 2020

Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: *Definition of Material*

The amendments include clarifications to the definition of 'material' and the related guidance:

- the threshold of "could influence" has been replaced with "could reasonably be expected to influence";
- the term of 'obscuring information' has been included in the definition of 'material' to incorporate the existing concept in SFRS(I) 1-1 and examples have been provided of circumstances that may result in information being obscured; and
- the scope of 'users' has been clarified to mean the primary users of general purpose financial statements and their characteristics have been defined.

The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1 January 2020.

There is no material impact to the Group's and the Company's financial statements on initial application.

Revised Conceptual Framework for Financial Reporting

The purpose of the Conceptual Framework is to assist in developing financial reporting standards. The Conceptual Framework is not a standard itself and none of the concepts contained therein override the requirements in any standard. The main changes to the Conceptual Framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. These revisions affect those entities which had developed their accounting policies based on the Conceptual Framework in the absence of specific SFRS(I) requirements. In such cases, the entities shall review those policies and apply the new guidance retrospective for annual periods beginning on or after 1 January 2020.

Some SFRS(I), their accompanying documents and SFRS(I) practice statements contain references to, or quotations from the Conceptual Framework. The Amendments to References to the Conceptual Framework in SFRS(I), issued together with the revised Conceptual Framework, sets out updates to SFRS(I), their accompanying documents and FRS practice statements to reflect the issue of the revised Conceptual Framework. These amendments are effective for annual periods beginning on or after 1 January 2020.

There is no material impact to the Group's and the Company's financial statements on initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Company has not adopted the new and revised SFRS(I), INT SFRS(I) and amendments to SFRS(I) that have been issued and relevant but are not yet effective to them. Management anticipates that the adoption of these 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, as discussed below:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 16	*COVID-19 Related Rent Concessions*	1 June 2020
Amendments to SFRS(I) 1-16	*Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2023

Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions*

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

Entities applying the practical expedient must disclose this fact, whether the expedient has been applied to all qualifying rent concessions, and the nature of the contracts to which it has been applied, as well as the amount recognised in the statement of comprehensive income arising from the rent concessions.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

There is no material impact to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise such sales proceeds and related costs in statement of comprehensive income and measure the cost of those items in accordance with SFRS(I) 1-2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly' and specify this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

There is no material impact to the Group's and the Company's financial statements on initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE

Amendments to FRS 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g. direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (e.g. depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

There is no material impact to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 intra-group 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation (Continued)

Subsidiary (Continued)

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.

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.

Loss of control

When the Group loses control of a subsidiary, a gain or loss is recognised in the statement of 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 has been accounted for as a reverse acquisition as described in Note 3(b) and Note 10 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 year
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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

(a) Lease liabilities (Continued)

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 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 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 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 remaining lease term of 60 years
Factory premises:	Over the lease term of 4 to 5 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.

Investment in subsidiaries

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

Impairment of non-financial assets

As at each reporting date, the Group and the Company reviews 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 to sell 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 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 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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 23.

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 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (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 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 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 and FVOCI. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share capital (Continued)

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 plus 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 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 the statement of 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 comprehensive income.

Contract liabilities

Contract liabilities relate to rebates extended to a customer of the Group which will be set-off against future invoices for meeting contractually agreed sales volumes.

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.

Borrowing costs

Borrowing costs are recognised in statement of 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (Continued)

(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.

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.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in statement of comprehensive income, 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 income tax arising from a business combination is adjusted against goodwill on acquisition. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 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.

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, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 operating decision-maker has been identified as the Chief Executive Officer who makes strategic resources allocation decisions.

Additional disclosures on operating segments are shown in Note 22 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.

3(A) RESTRUCTURING OF KTAPL GROUP

On 5 September 2017, Mr. Lim Siau Hing @ Lim Kim Hoe (the "Vendor") incorporated KTAPL with an initial share capital of $2.

On 24 January 2019, KTAPL undertook the following acquisitions (collectively known as the "Restructuring Exercise"):

(a) acquisition of the entire share capital of Callisto Apparel Holdings Pte. Ltd. ("Callisto Singapore") from the Vendor via the issuance of 1,000,000 ordinary shares in the capital of KTAPL for an aggregate consideration of US$1 million;

(b) acquisition of the entire share capital of Moon Apparel Holdings Pte. Ltd. ("Moon Singapore") from the Vendor via the issuance of 2,000,000 ordinary shares in the capital of KTAPL for an aggregate consideration of US$2 million;

(c) acquisition of the entire share capital of Knit Textile Holdings Sdn. Bhd. ("KTHSB") from the Vendor via the issuance of 2,400,000 ordinary shares in the capital of KTAPL for an aggregate consideration of RM2,400,000; and

(d) acquisition of the entire share capital of Xentika Limited ("Xentika") from the Vendor via the issuance of 10 ordinary shares in the capital of KTAPL for an aggregate consideration of US$10.

The transfer of the issued and paid-up share capital and/or acquisition of the economic interests in the shares of Callisto Singapore, Moon Singapore, KTHSB and Xentika is accounted for using the pooling-of-interest method as these entities are under common control of the Vendor before and after the Restructuring Exercise. On the basis that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (i.e. the Vendor) that existed prior to the Restructuring Exercise, this transaction is outside the scope of SFRS(I) 3 *Business Combinations*.

The management of KTAPL has applied merger accounting to reflect the continuation of Callisto Singapore, Moon Singapore, KTHSB and Xentika businesses for the financial year ended 31 December 2019 and for the comparative financial year ended 31 December 2018 as if the Restructuring Exercise had occurred from the date Callisto Singapore, Moon Singapore, KTHSB and Xentika first came under the control of KTAPL. At the consolidated financial statements, the difference between the values of ordinary shares issued by KTAPL and the share capital of Callisto Singapore, Moon Singapore, KTHSB and Xentika was recorded in merger reserve (see Note 11).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3(B) REVERSE ACQUISITION

The Company completed its acquisition of the entire share capital of KTAPL ("reverse acquisition") on 18 February 2019 by way of the issuance of 132 million new ordinary shares in the Company to the Vendor of KTAPL. The transaction is treated as a reverse acquisition for accounting purposes as the Vendor becomes the controlling shareholder of the Company on completion of the transaction.

Accordingly, KTAPL (being the legal subsidiary corporation in this transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree.

The consolidation financial statements of the Company have been prepared and presented as a continuation of KTAPL Group's financial results and operations, in accordance with the following:

(a) the assets and liabilities of the accounting acquirer, i.e. KTAPL and its subsidiaries ("KTAPL Group"), are recognised and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;

(b) the assets and liabilities of the accounting acquiree, i.e. the Company, are recognised and measured in accordance with their acquisition date fair value;

(c) the retained profits and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of KTAPL Group immediately before the reverse acquisition;

(d) 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 the type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination; and

(e) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of KTAPL Group.

Following the completion of the reverse acquisition, the principal businesses of the Group are those of 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 Combinations*, but it does not result in the recognition of goodwill as the Company was deemed as a cash company under the Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in SFRS(I) 3 *Business Combinations*.

Instead, such transaction falls within the scope of SFRS(I) 2 *Share-based Payments*, which requires the deemed shares issued by the legal subsidiary (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 is accounted for as the cost of obtaining a listing by the legal subsidiary, KTAPL (see Note 10).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4 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
Cost									
At 1 January 2019 (unaudited)	2,239	2,994	8,926	1,207	2,064	367	1,858	4,986	24,641
Additions	–	520	916	146	227	12	24	87	1,932
Transfers	–	4,435	439	49	62	–	–	(4,985)	–
Disposals/written-off	–	–	(487)	–	(39)	–	–	–	(526)
Translation differences	(15)	(55)	(52)	(9)	(11)	(4)	(8)	(2)	(156)
At 31 December 2019	2,224	7,894	9,742	1,393	2,303	375	1,874	86	25,891
Additions	**–**	**76**	**1**	**27**	**192**	**26**	**84**	**16**	**422**
Transfers	**–**	**–**	**–**	**(2)**	**2**	**–**	**–**	**–**	**–**
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 5)	**–**	**–**	**–**	**–**	**–**	**232**	**–**	**–**	**232**
Disposals/written-off	**–**	**–**	**(96)**	**(53)**	**(274)**	**(141)**	**(245)**	**–**	**(809)**
Translation differences	**9**	**35**	**(76)**	**(12)**	**(10)**	**(2)**	**(43)**	**1**	**(98)**
At 31 December 2020	**2,233**	**8,005**	**9,571**	**1,353**	**2,213**	**490**	**1,670**	**103**	**25,638**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
Cost									
Accumulated depreciation									
At 1 January 2019 (unaudited)	–	715	4,519	919	1,528	292	1,207	–	9,180
Depreciation	–	179	848	83	155	28	140	–	1,433
Transfers	–	–	(2)	1	1	–	–	–	–
Disposals/written-off	–	–	(350)	–	(39)	–	–	–	(389)
Translation differences	–	(6)	(27)	(5)	(9)	(1)	(3)	–	(51)
At 31 December 2019	–	888	4,988	998	1,636	319	1,344	–	10,173
Depreciation	–	**180**	**844**	**79**	**180**	**28**	**143**	–	**1,454**
Transfers	–	–	–	**(1)**	**1**	–	–	–	–
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 5)	–	–	–	–	–	**232**	–	–	**232**
Disposals/written-off	–	–	**(96)**	**(46)**	**(262)**	**(141)**	**(201)**	–	**(746)**
Translation differences	–	**4**	**(58)**	**(7)**	**(11)**	**(2)**	**(39)**	–	**(113)**
At 31 December 2020	–	**1,072**	**5,678**	**1,023**	**1,544**	**436**	**1,247**	–	**11,000**
Net carrying amount									
At 31 December 2020	**2,233**	**6,933**	**3,893**	**330**	**669**	**54**	**423**	**103**	**14,638**
At 31 December 2019	**2,224**	**7,006**	**4,754**	**395**	**667**	**56**	**530**	**86**	**15,718**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

The Group	2020 $'000	2019 $'000
Cost of sales (Note 18)	**1,288**	1,298
Administrative and general expenses (Note 18)	**166**	135
	1,454	1,433

As at 31 December 2020, the Group's property, plant and equipment amounting to $10,062,000 (2019 – $8,682,000) are pledged as collaterals for bank borrowings as disclosed under Note 12.

As at 31 December 2020, the Group's land and buildings held by the Group's wholly owned subsidiaries as disclosed in property, plant and equipment and right-of-use assets (Note 5) mainly comprise,

- 2 plots of freehold land with land area between 400 sqm and 18,000 sqm, respectively, located in Batu Pahat, Malaysia, on which 1 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, respectively, located in Batu Pahat, Malaysia with remaining tenure between 19 years and 54 years, on which the Group's 2 factory premises are built upon;
- 2 leases of factory premises with floor area between 14,000 sqm and 18,000 sqm, respectively, located in Phnom Penh, Cambodia and remaining tenure of 4 years; and
- A lease of an office premises with floor area of less than 2,000 sqft, located in Singapore with remaining tenure of less than 1 year.

5 RIGHT-OF-USE ASSETS

The Group	Leasehold land $'000	Factory premises $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 January 2019 (unaudited)	1,724	1,763	11	647	4,145
Additions	–	768	–	–	768
Translation differences	(11)	(3)	–	(5)	(19)
At 31 December 2019	1,713	2,528	11	642	4,894
New leases	**–**	**485**	**558**	**165**	**1,208**
Early termination/ end of lease	**–**	**–**	**(11)**	**(34)**	**(45)**
Reclassification to "property, plant and equipment" upon full repayment of lease liabilities (Note 4)	**–**	**–**	**–**	**(232)**	**(232)**
Translation differences	**8**	**(95)**	**1**	**3**	**(83)**
At 31 December 2020	**1,721**	**2,918**	**559**	**544**	**5,742**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

5 RIGHT-OF-USE ASSETS (CONTINUED)

The Group	Leasehold land $'000	Factory premises $'000	Plant and machinery $'000	Motor vehicles $'000	Total $'000
Cost					
Accumulated depreciation					
At 1 January 2019 (unaudited)	244	–	–	345	589
Depreciation	40	428	–	119	587
Translation differences	(3)	-	–	(3)	(6)
At 31 December 2019	281	428	–	461	1,170
Depreciation	**40**	**598**	**29**	**93**	**760**
Early termination/ end of lease	**–**	**–**	**(3)**	**(34)**	**(37)**
Reclassification to "property, plant and equipment" upon full repayment of lease liabilities (Note 4)	**–**	**–**	**–**	**(232)**	**(232)**
Translation differences	**1**	**(38)**	**–**	**4**	**(33)**
At 31 December 2020	**322**	**988**	**26**	**292**	**1,628**
Carrying amount					
At 31 December 2020	**1,399**	**1,930**	**533**	**252**	**4,114**
At 31 December 2019	1,432	2,100	11	181	3,724

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

The Group	2020 $'000	2019 $'000
Cost of sales (Note 18)	**457**	408
Administrative and general expenses (Note 18)	**303**	179
	760	587

As at 31 December 2020, the Group's right-of-use assets amounting to S$1,399,000 (2019 – $1,432,000) are pledged as collaterals for bank borrowings as disclosed under Note 12.

6 SUBSIDIARY

	2020 $'000	2019 $'000
The Company		
Unquoted equity investment, at cost	**26,400**	26,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6 SUBSIDIARY (CONTINUED)

The details of the subsidiaries are as follow:

Name	Country of incorporation/ principal place of business	Percentage of equity held 2020	2019	Principal activities
Held by the Company				
Knit Textile and Apparel Pte. Ltd. ("KTAPL") *	Singapore	**100**	100	Investment holding
Held by KTAPL				
Knit Textile Holdings Sdn. Bhd. ("KTHSB") **	Malaysia	**100**	100	Investment holding
Callisto Apparel Holdings Pte. Ltd. ("CAHPL") *	Singapore	**100**	100	Investment holding
Moon Apparel Holdings Pte. Ltd. ("MAHPL") *	Singapore	**100**	100	Investment holding
Knit Textile Corporation Pte. Ltd. ("KTCPL") ****	Singapore	**100**	100	Manufacturing of apparel products
Xentika Limited ("Xentika") **	Seychelles	**100**	100	International business
Held by KTHSB				
Knit Textiles Mfg. Sdn. Bhd ("KTMSB") **	Malaysia	**100**	100	Apparel manufacturing
Knit Textile Integrated Industries Sdn. Bhd. ("KTIISB") ** (Note A)	Malaysia	**100**	-	Operation of a fabric dyeing and finishing plant
Held by KTMSB				
Knit Textile Integrated Industries Sdn. Bhd. ("KTIISB") ** (Note A)	Malaysia	**-**	100	Operation of a fabric dyeing and finishing plant
Held by CAHPL				
Callisto Apparel (Cambodia) Co. Ltd. ***	Cambodia	**100**	100	Apparel manufacturing
Held by MAHPL				
Moon Apparel (Cambodia) Co. Ltd. ***	Cambodia	**100**	100	Apparel manufacturing

* Audited by Foo Kon Tan LLP
** Audited by a member firm of HLB International
*** Audited by BG Associates Ltd, a member firm of Moore
**** Audited by Foo Kon Tan LLP for the purpose of consolidation (incorporated on 10 October 2019)

Note A:

On 6 November 2019, the Company announced that pursuant to an internal restructuring exercise within the KTAPL Group, KTMSB entered into a Sale of Shares Agreement with KTHSB, where KTMSB transferred the entire issued and paid-up capital of its wholly-owned subsidiary KTIISB (formerly known as Ocean Art & Embellishment Sdn. Bhd.) to KTHSB for a cash consideration of RM 2 million. The above transaction was completed in January 2020 and KTIISB becomes a wholly owned subsidiary of KTHSB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

7 INVENTORIES

The Group	2020 $'000	2019 $'000
Raw materials, at cost	**5,056**	4,209
Work-in-progress, at cost	**2,324**	2,483
Finished goods, at cost	**3,402**	3,120
	10,782	9,812

The cost of inventories recognised as an expense and included in "cost of sales" line item in the consolidated statement of comprehensive income for the financial year ended 31 December 2020 amounted to $35,691,000 (2019 – $49,924,000).

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

8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade receivables	**21,484**	14,558	**–**	–
Allowance for impairment loss	**(491)**	(443)	**–**	–
Net trade receivables	**20,993**	14,115	**–**	–
Other receivables	**74**	129	**221**	29
Deposits	**907**	866	**–**	–
Financial assets at amortised costs	**21,974**	15,110	**221**	29
Advances to suppliers	**43**	172	**–**	–
Prepayments	**185**	208	**5**	9
Net input GST/VAT recoverable	**122**	434	**–**	21
	22,324	15,924	**226**	59

The movement of allowance for impairment losses is as follows:

The Group	2020 $'000	2019 $'000
At the beginning of the year	**443**	12
Impairment loss recognised	**48**	443
Impairment loss reversed	**–**	(12)
	48	431
At the end of the year	**491**	443

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	**34**	40	**221**	29
United States dollar	**20,954**	14,890	**–**	–
Malaysian ringgit	**986**	180	**–**	–
	21,974	15,110	**221**	29

The Group's and the Company's exposure to credit risk is disclosed in Note 23 to the financial statements.

9 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash on hand	**4**	15	**–**	–
Cash at bank	**3,717**	2,209	**8**	13
Fixed deposits	**1,244**	1,136	**–**	–
Cash and cash equivalents	**4,965**	3,360	**8**	13
Less: Deposits pledged	**(1,244)**	(1,136)		
Cash and cash equivalents in the statement of cash flows	**3,721**	2,224		

Included in cash at bank is an amount of $1,244,000 (2019 – $1,136,000) pledged to secure bank borrowings (refer to Note 12).

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	**48**	15	**8**	13
United States dollar	**3,309**	1,893	**–**	–
Malaysian ringgit	**1,603**	1,443	**–**	–
Others	**5**	9	**–**	–
	4,965	3,360	**8**	13

The Group and Company's exposure to interest rate and currency risks is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10 SHARE CAPITAL

The Company	Number of ordinary shares '000	Amount $'000
Ordinary shares issued and fully paid with no par value:		
At 1 January 2019	73,632	36,827
Share consolidation[(4)]	(69,950)	–
Issuance of shares:		
– Consideration shares[(5)]	132,000	26,400
– Transaction costs shares[(6)]	10,000	2,000
– Settlement shares[(7)]	24,000	4,800
	166,000	33,200
Capital reduction[(8)]	–	(36,826)
At 31 December 2019 and 2020	**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.

Acquisition of KTAPL in FY2019

As at 1 January 2019, the Group's share capital amount differs from that of the Company as a result of reverse acquisition accounting as described in Notes 3(a) and 3(b).

(1) KTAPL was incorporated on 5 September 2017 with a paid-up capital of $2 comprising 2 ordinary shares.

(2) In respect of the restructuring exercise as disclosed in Note 3(a), KTAPL issued the following shares to acquire the below subsidiaries on 24 January 2019:

	Number of ordinary shares '000	Amount $'000
Callisto Apparel Holdings Pte. Ltd.	1,000	1,359
Moon Apparel Holdings Pte. Ltd.	2,000	2,718
Knit Textile Holdings Sdn. Bhd.	2,400	788
Xentika Limited	–*	–*
	5,400	4,865

* 10 ordinary shares at US$1 each

(3) The equity structure (i.e. the number and types of equity instruments issued) reflect the equity structure of the Company, being the legal parent, including the equity instruments issued by the Company to reflect the reverse acquisition.

(4) On 29 January 2019, the Company consolidated its every 20 existing shares into one new consolidated share.

(5) On 18 February 2019, the Company issued 126.5 million new consideration shares at an issue price of $0.20 each amounting to $25.3 million, comprising (i) 85 million new consideration shares to the Vendor's nominee; (ii) 41.5 million new consideration shares in the name of the Vendor, for the acquisition of KTAPL at an agreed purchase consideration of $26.4 million, and the resultant credit balance of $1.1 million is recorded in the "capital reserve" in the Company's statement of changes in equity as a transaction with shareholder in accordance with SFRS(I) 1-1 (refer to Note 11).

Another 5.5 million new consideration shares were issued to an unrelated advisor for the provision of services to the Vendor in respect of the reverse acquisition. The cost of the transaction costs shares amounting to $1.1 million was expensed off as "transaction costs arising from the RTO" in the statement of comprehensive income in accordance with SFRS(I) 1-32 (refer to Note 18).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10 SHARE CAPITAL (CONTINUED)

(6) On 18 February 2019, the Company issued 10 million transaction cost shares at an issue price of $0.20 each to the Vendor as full and final settlement on the Transaction-related professional fees incurred and funded by the Vendor. The cost of the transaction cost shares was recognised in the "capital reserve" in the Company's statement of changes in equity as a transaction with a shareholder in accordance with SFRS(I) 1-1 (refer to Note 11).

(7) On 18 February 2019, the Company issued 24 million settlement shares at an issue price of $0.20 each to the ex-controlling shareholder in full and final settlement of the amounts owing of $6.3 million on completion of the reverse acquisition. The difference between the extinguishment of the liabilities owing to the ex-controlling shareholder and the fair value of the settlement shares issued of $1.5 million was recorded to the "capital reserve" in the statement of changes in equity as they are considered to be a transaction entered with a shareholder in accordance with SFRS(I) 1-1 (refer Note 11).

(8) On 5 March 2019, the Company undertook a capital reduction exercise pursuant to Section 78A and 78C of the Companies Act by reducing the share capital of the Company from $36,827,431 to $1,000 by the cancellation of the share capital of the Company and applying the same amount towards the writing-off of part of the accumulated losses.

As disclosed in Note 3(a) to the financial statements, the Company completed its acquisition of the entire share capital of KTAPL by way of the issuance of 132 million new ordinary shares in the Company to the Vendor.

In the consolidated financial statements, the acquisition costs arising from the reverse acquisition was determined using the fair value of the issued equity of the Company amounting to $1.47 million, before the acquisition date, being 73,632,000 shares at $0.02 per share, which represents the market value of the Company at the date of completion of the reverse acquisition.

The identifiable net assets of the Company at the date of the restructuring exercise were as follows:

	2019 **$'000**
Cash and cash equivalents	12
Other receivables	30
Other payables	(6,341)
Add: Extinguishment of amounts owing to ex-controlling shareholder	6,341
Identifiable net assets	42

An amount of $1.43 million, being the difference between (a) the purchase consideration of $1.47 million; and (b) the identifiable net assets of the Company amounting to $42,000, was recognised in the consolidated statement of comprehensive income as acquisition costs arising from the reverse acquisition incurred by KTAPL in accordance with SFRS(I) 2 *Share-based Payment*.

Cash and cash equivalents of $12,000 has been recognised as sales proceeds from the reverse acquisition under investing activities in the consolidated statement of cash flows.

In the separate financial statements of the Company, the acquisition costs arising from the reverse acquisition was determined by reference to the issuance of 132 million consideration shares at $0.20 per share amounting to $26.4 million (Note 6).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11 RESERVES

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**571**	571	**571**	571
Merger reserve	**(20,106)**	(20,106)	**–**	–
Translation reserve	**62**	99	**–**	–
Retained earnings/(accumulated losses)	**4,715**	1,616	**(8,262)**	(7,827)
	(14,758)	(17,820)	**(7,691)**	(7,256)

Capital reserve

The capital reserve represents (i) the gain on extinguishment of the amounts owing to the then controlling shareholder of the Company (See Note 10[7]); and (ii) transactions entered between the Company and the new controlling shareholder on acquisition of KTAPL (See Note 10[5] and Note 10[6]).

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 on borrowings**	**2020 $'000**	**2019 $'000**
Secured			
Term loans:			
– Fixed rate	2020	**–**	98
– Floating rate	2020 – 2024	**3,333**	4,501
		3,333	4,599
Other short-term loans:			
– Trust receipts	On demand	**10,163**	7,654
– Bankers' acceptance	On demand	**3,554**	3,152
– Invoice financing	On demand	**793**	1,296
		14,510	12,102
		17,843	16,701
Presented as:			
Non-current		**2,213**	3,375
Current		**15,630**	13,326
		17,843	16,701

Borrowings are denominated in the following currencies:

The Group	**2020 $'000**	**2019 $'000**
United States dollar	**13,985**	13,116
Malaysian ringgit	**3,858**	3,585
	17,843	16,701

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12 BORROWINGS (CONTINUED)

12.2 Bank loans (Continued)

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

The Group	2020 %	2019 %
Trust receipts	**1.50% – 6.57%**	3.02% – 4.82%
Bankers' acceptances	**3.17% – 5.32%**	3.51% – 5.05%
Invoice financing	**1.94% – 1.96%**	3.64% – 3.65%
Term loans	**3.98% – 4.45%**	4.80% – 5.35%

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

The Group	2020 $'000	2019 $'000
On demand or within one year	**15,630**	13,326
More than 1 year but less than 2 years	**1,126**	1,132
More than 2 years but less than 5 years	**1,087**	2,243
	17,843	16,701

The secured term loans of the Group are secured by legal charges over the Group's freehold and leasehold land, buildings and pledged deposits as disclosed in Notes 4, 5 and 9 respectively.

The carrying amount 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:

The Group	2020 $'000	2019 $'000
Term loan		
– Carrying amount	**3,333**	4,599
– Fair value	**3,779**	5,817

The fair values are determined from the discounted cash flow analysis, using the discount rates of 3.98% – 5.35% (2019 – 4.80% – 5.35%) based on the borrowing rates which the directors expect would be available to the Group at the end of the reporting period.

13 LEASE LIABILITIES

The Group	2020 $'000	2019 $'000
Undiscounted lease payments due:		
– Within one year	**944**	760
– In the second to fifth year inclusive	**2,452**	2,325
	3,396	3,085
Less: Future interest costs	**(706)**	(817)
	2,690	2,268
Presented as:		
– Non-current	**2,023**	1,786
– Current	**667**	482
	2,690	2,268

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13 LEASE LIABILITIES (CONTINUED)

Lease liabilities are denominated in the following currencies:

The Group	2020 $'000	2019 $'000
Singapore dollar	**87**	–
United States dollar	**1,951**	2,093
Malaysian ringgit	**652**	175
	2,690	2,268

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

Total cashflows for all leases in the current financial year amounted to $786,000 (2019 – $523,000).

Interest expense on lease liabilities of $283,000 (2019 – $69,000) is recognised within "finance costs" in the consolidated statement of 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 comprehensive income.

14 DEFERRED TAX ASSETS/LIABILITIES

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

	At 1 January $'000	Recognised in profit or loss $'000 (Note 19)	At 31 December $'000
At 31 December 2020			
Deferred tax liabilities			
Property, plant and equipment	**(188)**	**172**	**(16)**
Deferred tax assets			
Property, plant and equipment	**295**	**(85)**	**210**
	107	**87**	**194**
At 31 December 2019			
Deferred tax liabilities			
Property, plant and equipment	(461)	273	(188)
Deferred tax assets			
Property, plant and equipment	206	89	295
	(255)	362	107

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 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

15 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables	**9,766**	8,988	**11**	7
Amounts due to directors/shareholders (non-trade)	**1,671**	1,697	**48**	40
Amount due to a subsidiary (non-trade)	**–**	–	**986**	400
Accrued operating expenses	**1,822**	764	**60**	4
Accrued salaries and wages	**1,480**	1,033	**19**	5
Other payables	**2,507**	1,716	**–**	71
Miscellaneous creditors	**174**	188	**–**	–
Financial liabilities at amortised cost	**17,420**	14,386	**1,124**	527
Contract liabilities	**621**	573	**–**	–
	18,041	14,959	**1,124**	527

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 120 days (2019 – 30 to 120 days).

The non-trade amounts due to directors/shareholders and a subsidiary are unsecured, interest-free and repayable on demand.

Contract liabilities 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 in contract liabilities during the year is summarised as follows,

The Group	2020 $'000	2019 $'000
At 1 January	**573**	190
Sales rebates accrued	**621**	573
Sales rebates utilised against future invoices	**(573)**	(190)
At 31 December	**621**	573

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

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Singapore dollar	**188**	155	**1,124**	527
United States dollar	**10,085**	9,269	**–**	–
Malaysian ringgit	**7,147**	4,962	**–**	–
	17,420	14,386	**1,124**	527

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 23.

16 REVENUE

The Group	2020 $'000	2019 $'000
Sale of goods, at a point in time	**70,995**	87,571

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17 FINANCE COSTS

The Group	2020 $'000	2019 $'000
Interest expenses on:		
– Term loans	**94**	219
– Other short-term loans	**454**	642
– Lease liabilities	**283**	69
	831	930

18 PROFIT/(LOSS) BEFORE TAXATION

The Group	2020 $'000	2019 $'000
Included in "other income"		
Malaysian wage subsidy income	**311**	–
Included in "cost of sales":		
Depreciation of property, plant and equipment (Note 4)	**1,288**	1,298
Depreciation of right-of-use assets (Note 5)	**457**	408
Cost of goods purchased	**35,691**	49,924
Freight and delivery charges	**989**	1,609
Repair and maintenance costs	**680**	527
Salary and related costs*	**10,321**	10,745
Defined contribution plan*	**503**	464
	10,824	11,209
Subcontractor charges	**5,561**	7,792
Utility charges	**1,282**	1,024
Included in "administrative and general expenses":		
Acquisition costs arising from the RTO (Note 3(b))	**–**	1,429
Transaction costs arising from the RTO (Note 3(b))	**–**	1,100
Depreciation of property, plant and equipment (Note 4)	**166**	135
Depreciation of right-of-use assets (Note 5)	**303**	179
Directors' fees	**76**	40
Impairment loss recognised on trade and other receivables, net (Note 8)	**48**	431
Repair and maintenance costs	**139**	124
Legal and professional fees	**501**	478
Salary and related costs*	**3,858**	4,108
Defined contribution plan*	**405**	396
	4,263	4,504
Travelling and transport expenses	**40**	44
Utility charges	**57**	48
Included in "selling and marketing expenses":		
Entertainment expenses	**22**	70
Travelling and transport expenses	**62**	207
Sampling and commission paid	**1,874**	2,636
Air freight	**7**	1,522

* Included in the above is key management personnel compensation, excluding directors' fees paid to non-executive directors, which is disclosed in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

19 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:

The Group	**2020 $'000**	**2019 $'000**
Current tax expense		
– Current year	**1,116**	529
– Under-provision in respect of prior years	**95**	–
	1,211	529
Deferred tax expense		
– Origination and reversal of temporary differences	**(87)**	(362)
	1,124	167
Reconciliation of effective rate		
Profit/(loss) before taxation	**4,223**	(1,736)
Tax at domestic rates applicable to countries in which the Group operates	**1,050**	(230)
Income not subject to tax	**(86)**	(74)
Non-deductible expenses	**65**	471
Under-provision in respect of prior years	**95**	–
	1,124	167

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:

The Group	**2020 %**	**2019 %**
Cambodia	**20**	20
Malaysia	**24**	24
Seychelles	**–**	–
Singapore	**17**	17

In the current financial year, 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 and the undistributed profits from a wholly owned subsidiary incorporated in Seychelles.

In the previous financial year, non-deductible expenses mainly relate to the deemed acquisition and transaction costs arising from the RTO and depreciation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business, while income not subject to tax relates to the undistributed profits from a wholly owned subsidiary incorporated in Seychelles.

20 EARNINGS/(LOSS) PER SHARE

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

In connection with the reverse acquisition, the number of ordinary shares outstanding from the beginning of the financial period to the completion date of the reverse acquisition for purpose of calculating the weighted average number of ordinary shares is deemed to be the number of ordinary shares issued by the Company to the shareholders of KTAPL. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20 EARNINGS/(LOSS) PER SHARE (CONTINUED)

The Group	2020 $'000	2019 $'000
Profit/(loss) for the year attributable to owners of the Company ($'000)	**3,099**	(1,903)
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	**169,682**	169,682
Basic and diluted earnings/(loss) per share (cents)	**1.83**	(1.12)

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

21 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:

The Group	2020 $'000	2019 $'000
Short term employee benefits	**1,171**	624
Contributions to defined contribution plans	**100**	73
	1,271	697

22 OPERATING SEGMENTS

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

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:

The Group	2020 $'000	2019 $'000
Revenue		
United States	**27,791**	34,719
United Kingdom	**17,926**	32,712
Canada	**1,749**	1,169
European Union	**19,472**	17,529
Malaysia	**3,398**	1,354
Others	**659**	88
	70,995	87,571

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

22 OPERATING SEGMENTS (CONTINUED)

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.

The Group	2020 $'000	2019 $'000
Non-current assets		
Malaysia	**15,274**	15,352
Cambodia	**3,543**	4,362
Singapore	**145**	23
	18,962	19,737

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

The Group	2020 $'000	2019 $'000
Property, plant and equipment	**14,638**	15,718
Right of use assets	**4,114**	3,724
Deferred tax assets	**210**	295
	18,962	19,737

23 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 (2019 – 3 customers) accounting for approximately 87% (2019 – 87%) 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 2020

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

The Group	2020 $'000	2019 $'000
Past due less than 1 month	**5,330**	2,629
Past due 1 to 2 months	**1,510**	148
Past due over 2 to 3 months	**8**	50
Past due over 3 months	**46**	464

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.

The cash and cash equivalents are held with reputable banks and financial institutions which are regulated.

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:

The Group	2020 $'000	2019 $'000
Fixed rate instruments		
Fixed rate loans	**–**	98
Trust receipts	**10,163**	7,654
Bankers' acceptance	**3,554**	3,152
Invoice financing	**793**	1,296
Lease liabilities	**2,690**	2,268
	17,200	14,468

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

The Group	2020 $'000	2019 $'000
Variable rate instruments		
Floating rate loans	**3,333**	4,501

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 statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 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 (including lease liabilities) and trade 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.

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

The Group	**2020 USD $'000**	**2019 USD $'000**
Trade and other receivables (Note 8)	**20,954**	14,890
Cash and cash equivalents (Note 9)	**3,309**	1,893
Borrowings (Note 12)	**(13,985)**	(13,116)
Lease liabilities (Note 13)	**(1,951)**	(2,093)
Trade and other payables (Note 15)	**(10,085)**	(9,269)
Net currency exposure	**(1,758)**	(7,695)
Sensitivity analysis		
Strengthened by 10% (2019 – 10%)	**(176)**	770
Weakened by 10% (2019 – 10%)	**176**	(770)

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 profit before tax (2019 – increase/ (decrease) the loss 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 2020 and 2019, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

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.

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:

		---------- Contractual undiscounted cash flows ----------			
	Carrying amount $'000	Total $'000	Within 1 year $'000	Between 2 and 5 Years $'000	More than 5 years $'000
The Group					
31 December 2020					
Term loans: Floating rate (Note 12)	**3,333**	**3,779**	**1,365**	**2,414**	**–**
Other short-term loans (Note 12)	**14,510**	**14,510**	**14,510**	**–**	**–**
Lease liabilities (Note 13)	**2,690**	**3,396**	**944**	**2,452**	**–**
Trade and other payables (Note 15)	**17,420**	**17,420**	**17,420**	**–**	**–**
	37,953	**39,105**	**34,239**	**4,866**	**–**
31 December 2019					
Term loans:					
– Fixed rate (Note 12)	98	101	101	–	–
– Floating rate (Note 12)	4,501	5,716	1,475	4,241	–
Other short-term loans (Note 12)	12,102	12,254	12,254	–	–
Lease liabilities (Note 13)	2,268	3,085	760	2,325	–
Trade and other payables (Note 15)	14,386	14,386	14,386	–	–
	33,355	35,542	28,976	6,566	–
The Company					
31 December 2020					
Trade and other payables (Note 15)	**1,124**	**1,124**	**1,124**	**–**	**–**
31 December 2019					
Trade and other payables (Note 15)	527	527	527	–	–

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 2020

24 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.

However, 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.

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	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Trade and other receivables (Note 8)	**21,974**	15,110	**221**	29
Cash and cash equivalents (Note 9)	**4,965**	3,360	**8**	13
	26,939	18,470	**229**	42
Financial liabilities				
Borrowings (Note 12)	**17,843**	16,701	**–**	–
Lease liabilities (Note 13)	**2,690**	2,268	**–**	–
Trade and other payables (Note 15)	**17,420**	14,842	**1,124**	527
	37,953	33,811	**1,124**	527

25 CAPITAL MANAGEMENT

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

(a) To safeguard the Group's and the Company's ability to continue as a going concern;

(b) To support the Group's and the Company's stability and growth; and

(c) 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.

The Group and the Company monitor capital using Gearing Ratio, which is net debt divided by 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

25 CAPITAL MANAGEMENT (CONTINUED)

The Group is not subject to externally imposed capital requirements except for 2 subsidiaries whose loan facilities require them to maintain their financial position in excess of specified financial thresholds at all times. The subsidiaries complied with these covenants at the reporting date.

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Borrowings (Note 12)	**17,843**	16,701	**–**	–
Lease liabilities (Note 13)	**2,690**	2,268	**–**	–
Trade and other payables (Note 15)	**17,420**	14,842	**1,124**	527
Less: Cash and bank balances (Note 9)	**(4,965)**	(3,360)	**(8)**	(13)
Net debt	**32,988**	30,451	**1,116**	514
Total equity	**18,443**	15,381	**25,510**	25,945
Total capital	**51,431**	45,832	**26,626**	26,459
Net debt-to-adjusted capital ratio	**64%**	66%	**4%**	2%

26 SUBSEQUENT EVENTS

On 29 January 2021, the Board of Directors announced that Knit Textile Integrated Industries Sdn. Bhd. a wholly owned subsidiary and an unrelated third-party, have incorporated Santalia Kesturi Sdn. Bhd., a joint venture company domiciled in Malaysia, whose principal activity is that of an investment holding company.

On 5 April 2021, the Company announced the temporary closure of the apparel manufacturing facility located in Batu Pahat, Malaysia, from 31 March 2021 to 9 April 2021, to perform full disinfection of the facility following the emergence of 63 COVID-19 cases identified through Polymerase Chain Reaction Swab Tests ("PCR Test") that were conducted on all 429 of its production workers on 31 March 2021 and 1 April 2021. No material impact is expected for the Group's financials for the financial year ending 31 December 2021 as the production workers are confined within the facility and dormitories and do not have access the Group's head office nor contact with head office employees. Further, there have been no cancellation nor alterations of customer orders to date.

SHAREHOLDING STATISTICS

SHARE CAPITAL INFORMATION

Issued and fully paid-up capital	:	$33,201,000.00
Number of shares (excluding treasury shares and subsidiary holdings)	:	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.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 22 MARCH 2021

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	2,650	61.66	74,203	0.04
100 – 1,000	1,393	32.41	436,781	0.26
1,001 – 10,000	197	4.58	561,756	0.33
10,001 – 1,000,000	49	1.14	4,141,158	2.44
1,000,001 and above	9	0.21	164,467,646	96.93
Total:	**4,298**	**100.00**	**169,681,544**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 22 MARCH 2021

	Direct Interest	%	Deemed Interest	%
Lim Siau Hing @ Lim Kim Hoe(1)	47,750,000	28.14	85,000,000	50.09
Lim Vhe Kai(2)	–	–	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 (Cap 289), 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 (Cap 289), 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

LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 22 MARCH 2021

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	11,205,861	6.60
4	BIN TAI HOLDINGS PRIVATE LIMITED	7,608,707	4.48
5	YANG SU HUA	3,950,000	2.33
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	3,032,690	1.79
7	SUN JIANWEI	2,500,000	1.47
8	YEO CHUN HEONG	2,271,300	1.34
9	DBS NOMINEES PTE LTD	1,149,088	0.68
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	PHILLIP SECURITIES PTE LTD	256,383	0.15
14	CHONG KAR HUA	200,000	0.12
15	GOH BOON CHYE	200,000	0.12
16	GOH KIM HUAT VINCENT	200,000	0.12
17	LIM YING HUI	200,000	0.12
18	PRISCILLA TAN KIM HUA	200,000	0.12
19	TAN KOK SEONG	200,000	0.12
20	HAI KHIM ELECTRIC	125,000	0.07
	Total:	**167,352,886**	**98.63**

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 22 March 2021, 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held by way of electronic means on Friday, 30 April 2021 at 4:00 p.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 2020 and the Auditors' Report thereon.

(Resolution 1)

2. To re-elect the following Directors retiring pursuant to Regulation 95 of the Company's Constitution.

(a) Mr Lim Vhe Kai **(Resolution 2)**

[See Explanatory Note 1]

(b) Mr Yap Boh Pin **(Resolution 3)**

3. That, subject to and contingent upon the passing of Resolution 3 by shareholders and Resolution 5 by shareholders (excluding the directors, Chief Executive Officer ("**CEO**") of the Company, and their respective associates (as defined in the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) and in accordance with Rule 406(3)(d)(iii)(A) of the Catalist Rules, which will take effect from 1 January 2022:

(a) the continued appointment of Mr Yap Boh Pin, as an Independent Director be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Yap Boh Pin as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 4)

(See Explanatory Note 2)

4. That, subject to and contingent upon the passing of Resolution 3 and 4 by shareholders and in accordance with Rule 406(3)(d)(iii)(B) of the Catalist Rules, which will take effect from 1 January 2022:

(a) the continued appointment of Mr Yap Boh Pin as an Independent Director be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Yap Boh Pin as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 5)

(See Explanatory Note 2)

5. That, subject to and contingent upon the passing of Resolution 7 by shareholders (excluding the directors, CEO of the Company, and their respective associates (as defined in the Catalist Rules)) and in accordance with Rule 406(3)(d)(iii)(A) of the Catalist Rules, which will take effect from 1 January 2022:

(a) the continued appointment of Mr Goh Yeow Tin, as an Independent Director be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Goh Yeow Tin as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

(Resolution 6)

(See Explanatory Note 3)

NOTICE OF ANNUAL GENERAL MEETING

6. That, subject to and contingent upon the passing of Resolution 6 by shareholders and in accordance with Rule 406(3)(d)(iii)(B) of the Catalist Rules, which will take effect from 1 January 2022:

   (a) the continued appointment of Mr Goh Yeow Tin, as an Independent Director be and is hereby approved; and

   (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Goh Yeow Tin as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.

   (Resolution 7)

   (See Explanatory Note 3)

7. To approve the Directors' fees of S$70,000 for the financial year ended 31 December 2020. (31 December 2019: S$40,000).

   (Resolution 8)

8. To re-appoint Messrs Foo Kon Tan LLP as auditors of the Company and to authorise the Directors to fix their remuneration.

   (Resolution 9)

AS SPECIAL BUSINESS

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

9. **RENEWAL OF SHARE ISSUE MANDATE**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 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

   (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,

NOTICE OF ANNUAL GENERAL MEETING

(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; and

(Resolution 10)

(See Explanatory Note 4)

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD

Pan Mi Keay
Company Secretary
15 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:–

1. Mr Lim Vhe Kai (Executive Director and Chief Executive Officer) is the son of Mr Lim Siau Hing @ Lim Kim Hoe (Executive Chairman) of the Company.

   Detailed information of Mr Lim Vhe Kai can be found under the "Board of Directors" and "Disclosure of information on seeking re-election pursuant to Rule 720(5) of the Catalist Rules" sections in the Company's Annual Report 2020.

2. Mr Yap Boh Pin, upon re-election as a Director of the Company, will continue to serve as Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee and he is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

   Detailed information of Mr Yap Boh Pin can be found under the "Board of Directors" and "Disclosure of information on seeking re-election pursuant to Rule 720(5) of the Catalist Rules" sections in the Company's Annual Report 2020.

   In the event the Two-Tier vote on re-appointment of Mr Yap Boh Pin as an independent director is not passed at the AGM, Mr Yap Boh Pin will be considered a Non-Executive, Non-Independent Director and the Company would endeavor to appoint additional Independent Directors or a replacement Independent Director within two months, but in any case, not later than three months from the date of AGM.

3. Mr Goh Yeow Tin, upon re-election as Director of the Company, will continue to serve as Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee and he is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

   Detailed information of Mr Goh Yeow Tin can be found under the "Board of Directors" and "Disclosure of information on seeking re-election pursuant to Rule 720(5) of the Catalist Rules" sections in the Company's Annual Report 2020.

   In the event the Two-Tier vote on re-appointment of Mr Goh Yeow Tin as an Independent Director is not passed at the AGM, Mr Goh Yeow Tin will be considered a Non-Executive, Non-Independent Director and the Company would endeavor to appoint additional Independent Directors or a replacement Independent Director within two months, but in any case, not later than three months from the date of AGM.

4. The proposed Ordinary Resolution 10, 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:–

Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting.

Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM of the Company will be held by way of electronic means. The Company is arranging for a live webcast and live audio feed of the AGM proceedings (the "Live AGM Webcast" or "Live AGM Audio Feed") which will take place on Friday, 30 April 2021 at 4:00 p.m. in place of the physical AGM. Shareholders will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed, and the Company will not accept any physical attendance by shareholders. Any shareholder seeking to attend the AGM physically in person will be turned away.

1. The AGM is being convened, and will be held, by electronic means pursuant to the Order. This Notice of AGM, with its 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.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, pursuant to the Order, are set out herein.

3. Members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM in accordance with the instructions set out in the proxy form if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may also be accessed at the Company's website at the URL https://www.ktmg.sg/announcements, and will be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements

4. A member who wishes to watch or listen to the AGM proceedings through the Live AGM Webcast or Live AGM Audio Feed must pre-register by 4:00 p.m. on 27 April 2021 ("**Registration Deadline**"), at the Company's website at the URL https://ktmgagm.listedcompany.com/agm-2021/registration. Following the authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and/or audio feed of the proceedings of the AGM by 4.00 p.m. on 29 April 2021. Shareholders must not forward the instructions to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast or the Live AGM Audio Feed. Shareholders who have registered by the Registration Deadline but did not receive an email response by 4.00 p.m. on 29 April 2021 may contact the Company by email at ir@ktmg.sg for assistance.

NOTICE OF ANNUAL GENERAL MEETING

5. Please note that shareholders will not be able to ask questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed, and therefore it is important for shareholders to pre-register their participation in order to be able to submit their questions in advance of the AGM. Shareholders may submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 4:00 p.m. on 27 April 2021 via:

   - the pre-registration website at the Company's website at the URL https://ktmgagm.listedcompany.com/agm-2021/registration;

   - in hard copy by mail to the Company's corporate office at 5 Harper Road #04-03 Singapore 369673; or

   - by sending an email to ir@ktmg.sg, and the Company will not be able to address questions received after such time and date

   For verification purposes, a shareholder who wishes to submit their questions by email or in hard copy by mail is required to indicate their full name (for individuals)/company name (for corporates), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held together with their submission of questions, to the email or office address provided.

   The Company endeavors to address all substantial and relevant questions received from members prior to and/or at the AGM. The responses to the questions received from shareholders will be posted on the SGXNet and the Company's website soonest possible before the AGM, or if answered during the AGM, to be included in the minutes of the AGM which will be published on the SGXNet and the Company's website within one (1) month after the date of the AGM.

6. A member will not be able to attend the AGM in person. Shareholders will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Shareholders who wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

7. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable), who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf.

8. The Chairman of the Meeting, as proxy, need not be a member of the Company.

9. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; 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

   in either case, by 4.00 p.m. on 28 April 2021.

   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.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

10. A depositor shall not be regarded as a member of the Company entitled to attend and vote at the AGM unless his/her name appears on the Depository Register not less than 72 hours before the time of the AGM.

    Important reminder: The Company would like to remind Shareholders that, with the constantly evolving COVID-19 situation, the situation is fluid and the Company may be required to change its AGM arrangements at short notice. Shareholders are advised to regularly check the Company's website or announcements released on SGXNet for further updates until the date of the Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman as proxy 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.

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. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"), the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM of the Company will be held by way of electronic means. Printed copies of the Annual Report 2020, Notice of AGM and the proxy form will not be sent to members. The Annual Report 2020, Notice of AGM together with its 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.
2. Members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
3. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions before or at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of the AGM dated 15 April 2021.
4. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
5. CPF/SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM.
6. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM dated 15 April 2021.
7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to vote on his/her/its behalf at the AGM.

I/We, ____________________ (*Name*) NRIC/Passport No./Company Registration No. ____________

of ______________________________________ (*Address*)
being a member/members of KTMG LIMITED (the "**Company**"), hereby appoint the Chairman of the AGM as my proxy/our proxies, to vote for *me/us on my/our behalf at the AGM of the Company to be held by way of electronic means on Friday, 30 April 2021 at 4:00 p.m. and at any adjournment thereof in the following manner:

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 2020 and the Auditors' Report thereon.			
2.	To re-elect Mr Lim Vhe Kai, a Director retiring pursuant to Regulation 95 of the Company's Constitution.			
3.	To re-elect Mr Yap Boh Pin, a Director retiring pursuant to Regulation 95 of the Company's Constitution.			
4.	To approve the continued appointment of Mr Yap Boh Pin as an Independent Director by shareholders, for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules (which will take effect from 1 January 2022).			
5.	To approve the continued appointment of Mr Yap Boh Pin as an Independent Director by shareholders (excluding the directors, chief executive officer and their associates), for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules (which will take effect from 1 January 2022).			
6.	To approve the continued appointment of Mr Goh Yeow Tin as an Independent Director by shareholders, for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules (which will take effect from 1 January 2022).			
7.	To approve the continued appointment of Mr Goh Yeow Tin as an Independent Director by shareholders (excluding the directors, chief executive officer and their associates), for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules (which will take effect from 1 January 2022).			
8.	To approve the Directors' fees of S$70,000 for the financial year ended 31 December 2020. (31 December 2019: S$40,000)			
9.	To re-appoint Foo Kon Tan LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
10.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.			

If you wish the Chairman of the AGM, as your proxy, to cast all your votes For or Against a resolution, please tick with "√" in the For or Against box in respect of that resolution. Alternatively, please indicate the number of votes For or Against in the For or Against box in respect of that resolution. If you wish the Chairman of the AGM, as your proxy, to Abstain from voting on a resolution, please tick with "√" in the Abstain box in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the Abstain box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Voting will be conducted by poll.

Dated this ________ day of ____________________ 2021

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

____
Signature of Shareholder(s) or, Common Seal
of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Affix
Postage
Stamp
Here

KTMG LIMITED

Company's Share Registrar

Tricor Barbinder Share Registration Services

80 Robinson Road

#11-02

Singapore 068898

Fold along this line

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 (Chapter 289) 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. Members will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM in accordance with the instructions set out in the proxy form if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may also be accessed at the Company's website at the URL https://www.ktmg.sg/announcements, and will be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

   (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898; 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

   in either case, by 4.00 p.m. on 28 April 2021.

   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.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

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7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing or, where such instrument is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
8. The Company shall be entitled to, and will, treat any valid instrument appointing the Chairman of the AGM as a valid instrument appointing the Chairman of the AGM as the member's proxy to attend, speak and vote at the AGM if:

   a. the member had indicated how he/she/it wished to vote for or vote against or abstain from voting on each resolution; and

   b. the member has not withdrawn the appointment.
9. A member may withdraw an instrument appointing the Chairman of the AGM by sending an email to the Company at sg.is.proxy@sg.tricorglobal.com to notify the Company of the withdrawal, at least 48 hours before the time for holding the AGM.
10. Submission by a member of a valid instrument appointing the Chairman of the AGM as proxy at least 48 hours before the time for holding the AGM will supersede any previous instrument appointing a proxy(ies) submitted by that member.
11. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing or treated as appointing the Chairman of the AGM as proxy (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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.

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
80 Robinson Road #11-02
Singapore 068898

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Chartered Accountants
24 Raffles Place #07-03
Clifford Centre
Singapore 048621
Partner-in-charge: Kong Chih Hsiang Raymond
(Since financial year ended 31 December 2018)

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd.
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad

REGISTERED OFFICE

80 Robinson Road
#02-00
Singapore 068898
Tel: 6236 3459
Fax: 6236 4399
Email: general@knit.com.my

SPONSOR

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Singapore 048542