立德集团有限公司
KTMG LIMITED

POSITIONING FOR OPPORTUNITIES

ANNUAL REPORT 2022

POSITIONING FOR OPPORTUNITIES

In every challenge, there is an opportunity. As we forge ahead in a time of constant change and disruptions, it is increasingly crucial for the Group to be well-positioned to seize opportunities within the challenges.

We will continue to drive operational efficiency and innovation to strengthen our position as a one-stop integrated textile and apparel manufacturer to achieve sustainable growth and maximise long-term shareholder value.

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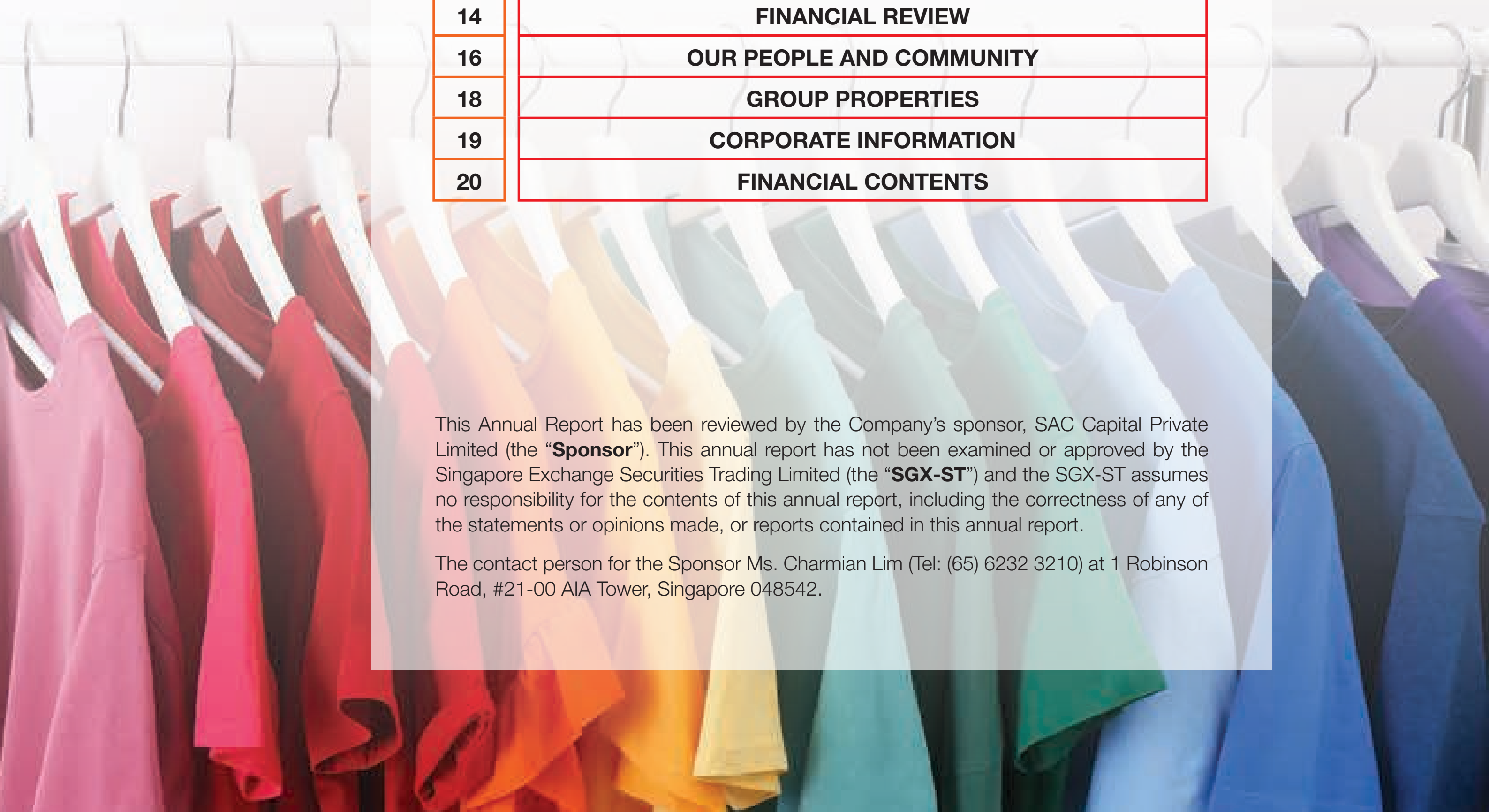


OUR VISION, MISSION AND CORE VALUES

Responsible apparel.
Sustainable world.

独衣无二，
造服全球

To be a world-class vertically integrated athleisure wear manufacturer

成为世界级的
运动服饰企业

Customer's interest is our top priority 客户价值第一	The best performance today is the minimum requirement of tomorrow 今天最好的表现是明天最低的要求
Change is the only constant 唯一不变的是变化	Attitude determines altitude 态度决定高度
Simplicity 化繁为简	Be consistent 执行一致性
No excuses, no mistake and no wastage 不找借口，不出错，不浪费	TEAM. Together everyone achieves more 团队合作，才能得到更多

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

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

CO-CREATION BUSINESS MODEL

CUSTOMERS' NEEDS

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

COLLABORATION

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

VALUE-ADDED PLATFORM

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

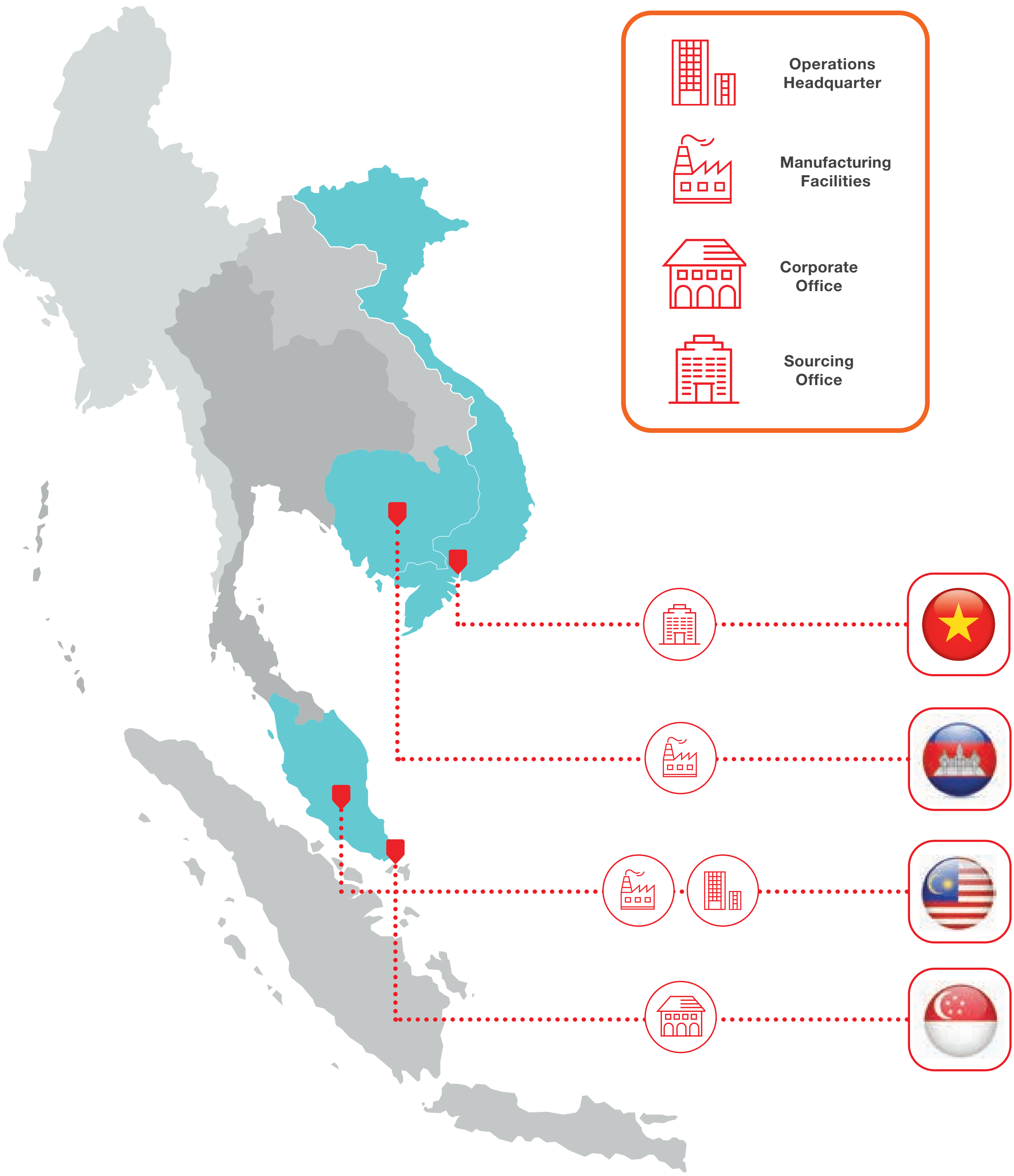
AT A GLANCE

APPAREL MANUFACTURING FACILITY

ANNUAL PRODUCTION CAPACITY
31.1 million pieces

TEXTILE MANUFACTURING FACILITY

ANNUAL PRODUCTION CAPACITY
3.4 million kilograms



AT A GLANCE


PRODUCTION LINES
44
APPAREL
MANUFACTURING FACILITIES
3
APPAREL
1
TEXTILE
TOTAL EMPLOYEES (AS AT 31 DECEMBER 2022)
115
TEXTILE
1,970
APPAREL

FINANCIAL HIGHLIGHTS

REVENUE
S$106.3m
compared to FY2021
S$97.8m

GROSS PROFIT
S$16.1m
compared to FY2021
S$13.6m

GROSS PROFIT MARGIN
15.2%
compared to FY2021
13.9%

EBITDA
S$7.5m
compared to FY2021
S$6.1m

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS
S$3.5m
compared to FY2021
S$2.1m

EARNINGS PER SHARE
2.04 Singapore cents
compared to FY2021
1.25 Singapore cents

NET ASSET VALUE
S$22.8m
compared to FY2021
S$20.4m

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

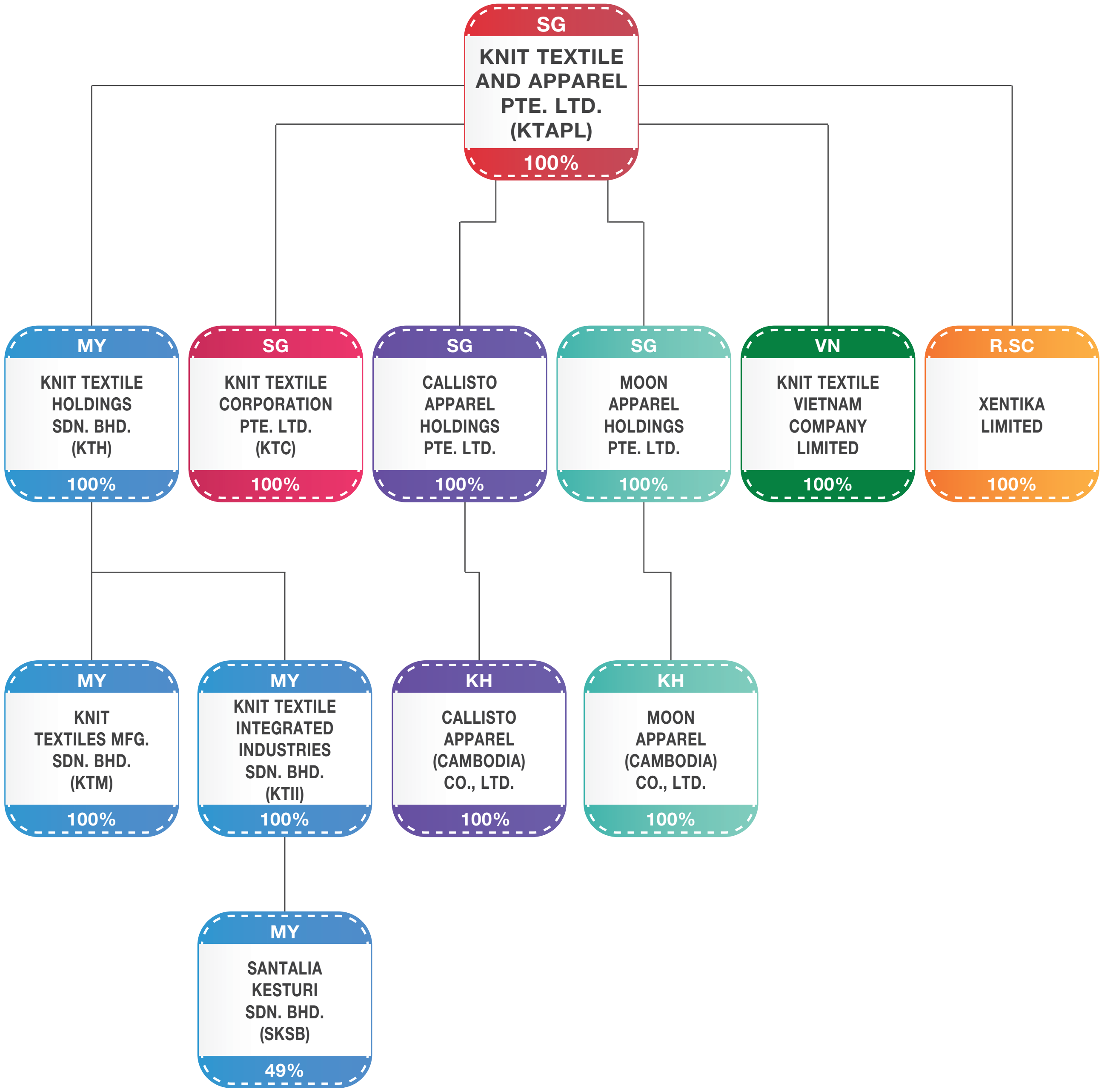
2019
Listing on the Catalist Board of the Singapore Exchange

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

2021
Installation of rooftop solar photovoltaic panels at our apparel and textile manufacturing facilities in Batu Pahat

2022
Establishment of a sourcing office in Ho Chi Minh City, Vietnam

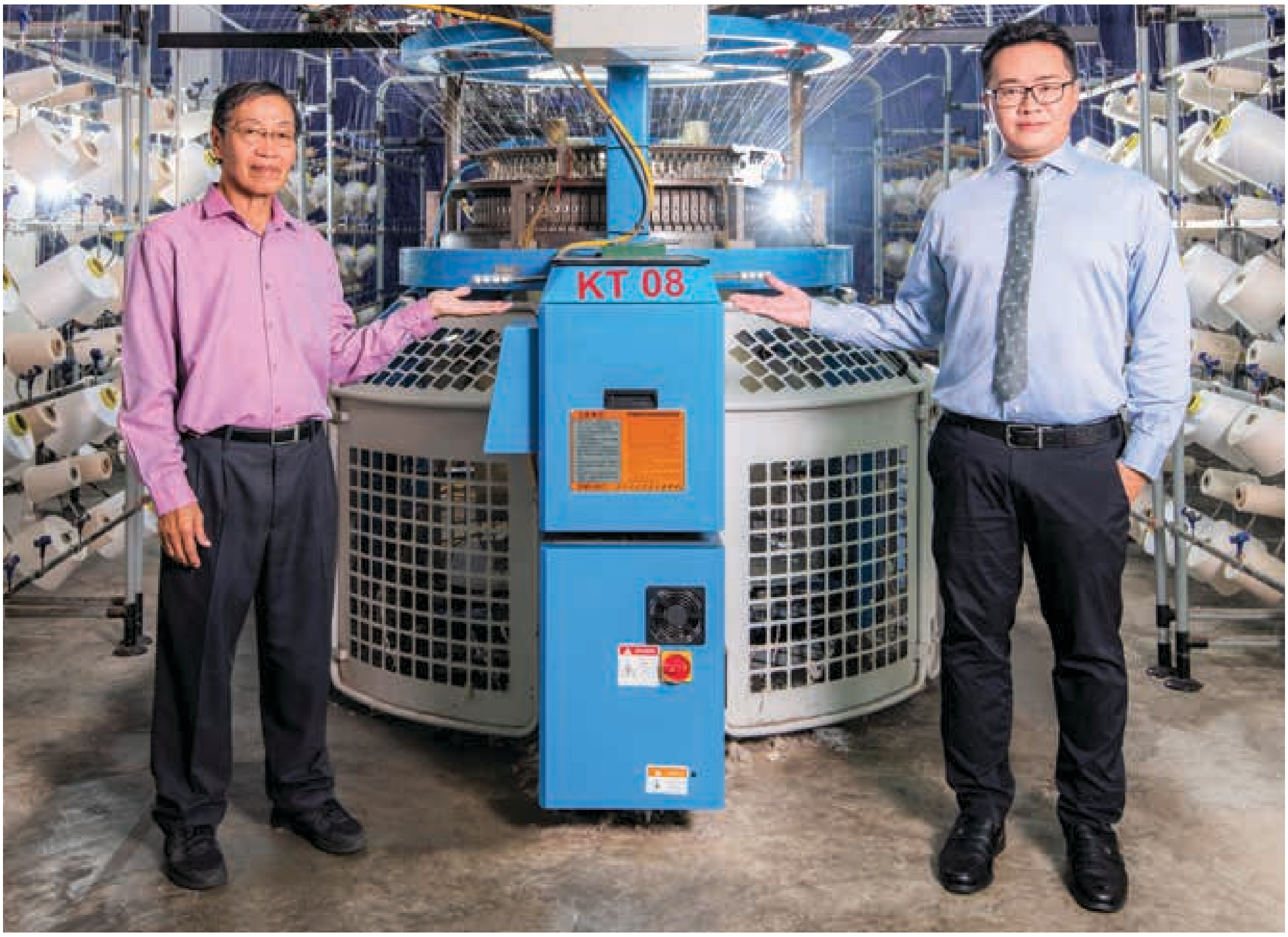
GROUP STRUCTURE



LEGEND

MY : MALAYSIA   SG : SINGAPORE   VN : VIETNAM
KH : CAMBODIA   R.SC : REPUBLIC OF SEYCHELLES

MESSAGE TO SHAREHOLDERS



DEAR SHAREHOLDERS,

2022 has been a stimulating year amidst an increasingly volatile and uncertain global business environment. In the first half of 2022, we benefited from higher customer orders and demand from the gradual recovery of economies despite contending shipping delays due to supply chain disruptions. This was followed by effects of the Russia-Ukraine war which caused inflation to soar, reducing consumers' spending power and dampening demand. The situation was further aggravated by rising interest rates as central banks tightened monetary policy to curb inflation. Nonetheless, we have stayed vigilant and agile in navigating the volatile business landscape and focused on growing the top line and enhancing efficiency in our operations.

THE YEAR IN REVIEW

We are pleased to report that despite the challenging operating environment, we delivered a commendable set of results in the financial year ended 31 December 2022 ("**FY2022**"). The Group's net profit attributable to shareholders rose by 63.9% to S$3.5 million on the back of an 8.6% increase in revenue to S$106.3 million, boosted by the surge in apparel orders placed by customers in the United Kingdom ("**UK**") and Canada. The geographical revenues for both UK and Canada grew by S$15.1 million and S$9.5 million respectively. In FY2022, the Group's gross profit margin increased 1.3 percentage points from 13.9% in FY2021 to 15.2% thanks to cost savings arising from the improved economies of scale that resulted in labour costs and factory overhead savings.

KTMG's strong performance is a testament to the Group's sound business strategies and commitment to execution excellence. In the past year, we continued working towards upgrading our machineries and improving our manufacturing processes for maximum operational efficiency. One of the initiatives includes the implementation of lean manufacturing to eliminate waste and inefficiency in our apparel manufacturing process to reduce cycle time and increase productivity. We also invested in General Sewing Data (GSD) software, a computerised data management system that helps us to establish and quantify method-time-cost benchmarks for each step in our apparel manufacturing process. In addition, we relocated selected production lines from our factory in Malaysia to Cambodia during the year to streamline and consolidate our apparel manufacturing operations further.

MESSAGE TO SHAREHOLDERS

We kept abreast with the latest fashion trends while constantly looking for ways to produce innovative and quality products to adapt to market demands and deliver better value to our customers. We believe our continued focus on product development and innovation held us in good stead as we drove our performance to stay ahead of the competition.

We are pleased to report that we continued to enjoy a steadily growing customer base in our key markets. Through referrals and recommendations from our existing customers and other industry contacts, we successfully secured more international retailers to add to our client base, strengthening the Group's revenue during the year.

OUTLOOK AND GROWTH STRATEGY

Moving ahead, we anticipate the global economic environment to remain challenging, with inflation and interest rates likely to stay elevated, thus weakening consumer spending. Despite this outlook, we are cautiously optimistic and expect consumer demand to return to its pre-pandemic level in 2023. We will remain focused on sharpening our competitive edge by building capabilities, enhancing production efficiency, and developing new innovative products to position the Group to capture growth opportunities.

By leveraging our strong reputation, proven track record, and integrated capabilities, we plan to secure more renowned and recognised international apparel brands to strengthen our customer base. We will work ever closer with our network of customers to deepen our relationships while, at the same time, reaching out to new potential customers in our existing and new geographical markets to seek out new business opportunities.

In the year ahead, we plan to continue upgrading our textile manufacturing facility in Malaysia by investing in advanced equipment for fabric knitting, dyeing, finishing and storage to support the Group's apparel manufacturing business and enhance upstream margins. We also intend to invest in additional new production lines for our apparel manufacturing facilities in Cambodia. These enhancements will allow us to further increase production capacity, optimise our operations, and grow our apparel manufacturing business.

Additionally, in November 2022, we set up a subsidiary in Vietnam to explore potential opportunities in the Vietnam market. We plan to explore collaboration with local apparel manufacturers given the competitive costs and sound supporting industries and infrastructure in Vietnam.

With rising cost pressures, we will remain diligent in exercising financial prudence and managing our operating costs efficiently. Looking forward, we expect the Group's business to remain resilient and will continue to invest for growth in a disciplined manner to create greater value and deliver sustainable returns for our shareholders.

APPRECIATION

On behalf of our Board, we would like to extend our deepest appreciation to the management team and staff for their dedication and commitment to driving the Company forward. We would also like to thank our fellow Board members for their guidance and invaluable advice as we position the Group for the future.

Finally, we would also like to express our gratitude to all our shareholders, business partners, and customers for their continued support and faith in us. We look forward to a better 2023 and the opportunities the new year will bring.

Lim Siau Hing
Executive Chairman

Damien Lim Vhe Kai
Executive Director and Chief Executive Officer

BOARD OF DIRECTORS

MR. LIM SIAU HING
EXECUTIVE CHAIRMAN

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

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

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

Board Committee(s) served on:
Nil

Date of first appointment:
18 February 2019

Last re-elected:
28 April 2022

Academic and Professional Qualifications:
Diploma in Textile Engineering,
Feng Jia College, Taiwan (1969)

Listed Company directorships and other principal commitments:
- Knit Textile & Apparel Pte. Ltd.
- Knit Textile Holdings Sdn. Bhd.
- Moon Apparel Holdings Pte. Ltd.
- Callisto Apparel Holdings Pte. Ltd.
- Knit Textile Corporation Pte. Ltd.
- Knit Textiles Mfg. Sdn. Bhd.
- Knit Textile Integrated Industries Sdn. Bhd.
- Santalia Kesturi Sdn. Bhd.

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

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

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

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

Board Committee(s) served on:
Nil

Date of first appointment:
18 February 2019

Last re-elected:
30 April 2021

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.
- Xentika Limited

BOARD OF DIRECTORS

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

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

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

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

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

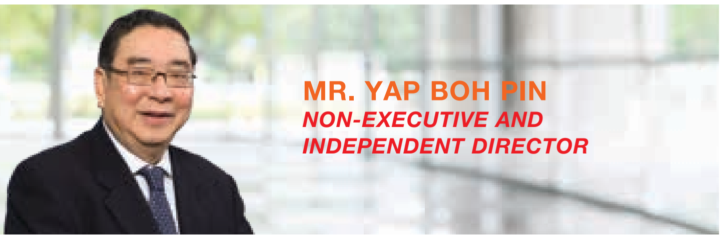
Board Committee(s) served on:
- Nominating Committee (Chairman)
- Audit Committee (Member)
- Remuneration Committee (Member)

Date of first appointment:
1 October 2007

Last re-appointed:
30 April 2021

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

Listed Company directorships and other principal commitments:
- AsiaPhos Limited
- Taka Jewellery 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

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

Mr. Yap is currently a director of Overseas Realty (Ceylon) PLC, a public listed company in Sri Lanka. He 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 the 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.

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

Date of first appointment:
1 April 2004

Last re-appointed:
30 April 2021

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

Listed Company directorships and other principal commitments:
- B.P.Y. Private Limited
- Overseas Realty (Ceylon) PLC
- STT Communications (Shanghai) Co., Ltd.

BOARD OF DIRECTORS

Mr. Koh Boon Huat has over 40 years of experience in the banking and finance sector. He has extensive knowledge and expertise in banking operations, credit and marketing, compliance, collections and recovery. He commenced his career in 1974 as a clerk in Malayan Banking Berhad, Batu Pahat. Mr. Koh later served as an officer of Arab-Malaysian Finance Bhd. at Batu Pahat in 1985, before joining First Malaysia Finance Berhad (Batu Pahat) in 1988 as a credit officer. He subsequently joined MBF Finance Berhad (Pontian) in 1991 and MBF Finance Berhad (Batu Pahat) in 1993 as Branch Manager. Between 1995 and 1996, Mr. Koh was the executive assistant to the managing director of S.P.I. Holdings Sdn. Bhd., and resumed his service within the banking industry in 1997 as Branch Manager for Oriental Bank Berhad at Batu Berendam. He subsequently served as Branch Manager for Phileo Allied Bank Berhad at Batu Pahat from 1997 to 2001.

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

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

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

Date of first appointment:
18 February 2019

Last re-elected:
28 April 2022

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

KEY EXECUTIVES

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

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

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

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

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

Mr. Png Kim Leng is responsible for overseeing the development and execution of KTMG's marketing initiatives.

Mr. Png is a top marketer with over 30 years of experience. He started his career in the textile and apparel industry in 1989 and has a proven track record in leading factory operations to achieve company objectives as well as implementing improvement strategies and factory best practices. During his tenure as Marketing Manager of a Main Market-listed company in the apparel industry from 1999 to 2006, Mr. Png's marketing initiatives and efforts have resulted in over 60% revenue growth within four years' time. Later, he repeated the achievement within an even shorter period of three years while serving as General Manager of Industrial and International Business (Export) with the number 1 homegrown biscuit brand in Malaysia from 2012 to 2017. Prior to joining the Group, Mr. Png was the General Manager (Marketing) of a PLC in Main Market of Bursa Malaysia with diversified investment holdings, which main business is in the textile and apparel industry.

Mr. Png holds a Bachelor of Economics with Honours degree from the National University of Malaysia (Universiti Kebangsaan Malaysia).

FINANCIAL REVIEW

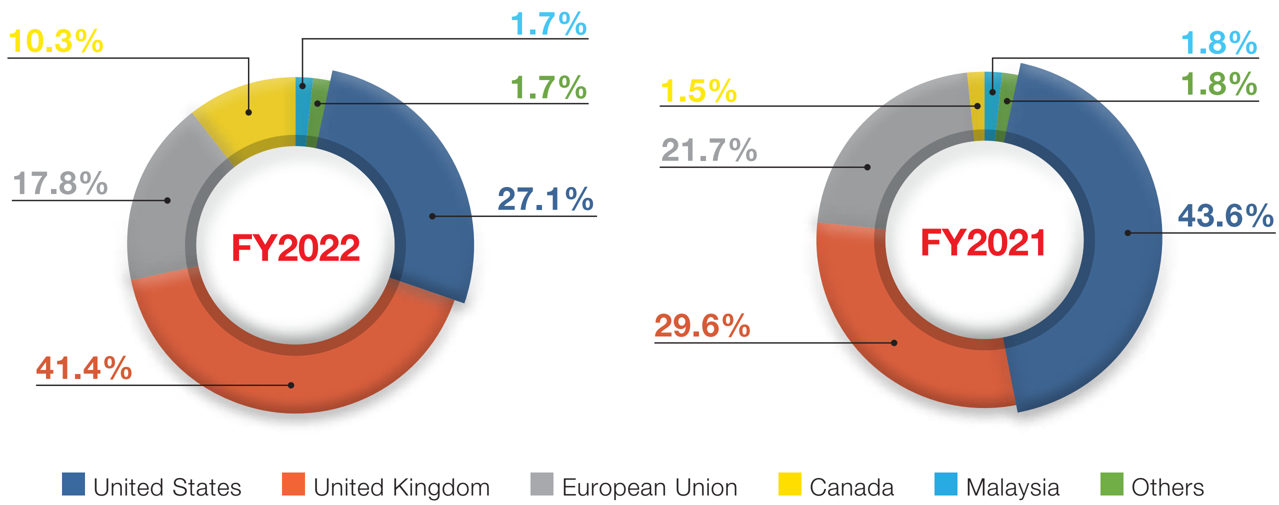
PERFORMANCE REVIEW

	FY2022 (S$'000)	FY2021 (S$'000)
Revenue	**106,294**	97,835
Gross profit	**16,115**	13,593
Gross profit margin	***15.2%***	*13.9%*
Earnings before interest, taxes, depreciation and amortisation ("**EBITDA**")	**7,468**	6,104
Profit before taxation	**4,356**	3,199
Net profit attributable to shareholders	**3,464**	2,113

In FY2022, the Group's revenue rose by 8.6% to S$106.3 million, boosted by the surge in apparel orders placed by customers in the United Kingdom ("**UK**") and Canada.

The UK, United States ("**US**"), European Union ("**EU**"), and Canada were the Group's largest markets, accounting for 41.4%, 27.1%, 17.8%, and 10.3% of the total revenue in FY2022 respectively. Geographically, the increase in revenue was mainly attributable to an increase in revenue contribution from the UK and Canada of S$15.1 million and S$9.5 million respectively, which was partially offset by a decline in revenue contribution from the US and EU of S$13.8 million and S$2.3 million respectively.

REVENUE BY GEOGRAPHICAL SEGMENT



Gross profit grew by 18.6% year-on-year to S$16.1 million in FY2022, while gross profit margin rose 1.3 percentage points from 13.9% in FY2021 to 15.2% in FY2022 due to cost savings arising from the improved economies of scale that resulted in labour costs and factory overhead savings.

Other income increased by 76.1% to S$0.6 million due to bad debt recovered from a customer during the year.

Administrative and general expenses increased by 27.3% to S$9.1 million mainly attributable to: (i) an increase in foreign exchange losses of S$1.3 million arising from the significant weakening of the Malaysian Ringgit against the United States Dollar, adversely impacted the results of the Group's Malaysian subsidiaries; (ii) higher salary and related expenses (including performance bonus) of S$0.3 million in tandem with the Group's improved performance, and (iii) an increase in legal and professional fees of S$0.2 million.

Selling and marketing expenses fell by 20.8% to S$2.1 million primarily due to lower sales commissions of S$0.4 million paid to apparel sourcing agents and a decrease in freight expenses of S$0.3 million as shipping congestion eased during the year. This was partially offset by a S$0.1 million increase in travelling expenses resulting from the resumption of overseas marketing trips after the reopening of borders.

In light of the rising interest rates, finance costs surged by 31.2% to S$0.9 million in FY2022. To cushion the bottom line against the rising interest rates, the Group managed its cash flow proactively, including making periodic early settlements of short-term borrowings throughout the year.

After adjustments for interest, taxes, depreciation, and amortisation, the Group's EBITDA for FY2022 rose to S$7.5 million as compared to S$6.1 million in FY2021. Accordingly, the Group recorded a net profit attributable to shareholders of S$3.5 million in FY2022, compared to S$2.1 million in the previous financial year.

FINANCIAL REVIEW

FINANCIAL POSITION

	As at 31 December 2022 (S$'000)	As at 31 December 2021 (S$'000)
Non-current assets	**18,205**	20,216
Current assets	**32,721**	53,539
Non-current liabilities	**1,687**	3,570
Current liabilities	**26,463**	49,753
Net asset value	**22,776**	20,432
Number of ordinary shares in issue ('000)	**169,682**	169,682
Net asset value per share (Singapore cents)	**13.42**	12.04

As at 31 December 2022, the Group's net asset value was S$22.8 million, which translates to a net asset value per share of 13.42 Singapore cents, compared to 12.04 Singapore cents as at 31 December 2021.

NON-CURRENT ASSETS

Non-current assets decreased by 9.9% to S$18.2 million mainly due to depreciation charges on the Group's property, plant and equipment, and right-of-use assets, which was partially offset by the acquisition of plant and machinery and office equipment for the apparel manufacturing facilities in Cambodia and textile facility in Malaysia.

CURRENT ASSETS

Current assets declined by 38.9% to S$32.7 million, largely attributable to decreases in: (i) inventories of S$10.2 million as inventories level returned to normal after the previous year's one-off increase in stock fabrics and other raw materials, for the manufacturing of apparel products delivered to customers in the first quarter of FY2022 coupled with higher finished goods held in stock as at previous year-end arising from the delay in delivery to customers caused by the global shortage of shipping containers; and (ii) trade and other receivables of S$12.9 million mainly due to collections made during the year and market demand returning to pre-pandemic level towards the year-end. The decrease was partially offset by an increase in cash and bank balances of S$2.1 million.

NON-CURRENT LIABILITIES

Non-current liabilities fell by 52.7% to S$1.7 million mainly due to a decrease in long-term borrowings and non-current lease liabilities of S$1.3 million and S$0.6 million respectively as a result of the reclassification of term loans and lease liabilities from non-current liabilities to current liabilities.

CURRENT LIABILITIES

Current liabilities declined by 46.8% to S$26.5 million mainly due to decreases in (i) short-term borrowings of S$9.4 million as the Group managed its cash flow proactively during the year, including making early settlements of certain short-term borrowings; and (ii) trade and other payables of S$14.2 million mainly due to a drop in trade payables of S$11.8 million, decline in other payables of S$1.7 million as a result of the settlement of certain non-trade purchases and lower year-end accruals and provisions by S$0.6 million.

CASH FLOW

	FY2022 (S$'000)	FY2021 (S$'000)
Net cash generated from/(used in) operating activities	**15,381**	(1,030)
Net cash used in investing activities	**(509)**	(2,619)
Net cash (used in)/generated from financing activities	**(12,554)**	2,743
Cash and cash equivalents as at end of the financial year	**4,966**	2,864

Net cash flows generated from operating activities amounted to S$15.4 million in FY2022. This was mainly due to higher profit before tax recorded during the year, decrease in inventories as the previous year-end's inventories were shipped out during the year as supply chain bottlenecks eased, and decrease in trade and other receivables, offset partially against corresponding drop in trade and other payables.

Net cash used in investing activities of S$0.5 million was mainly due to the purchase of plant and machinery and office equipment for the apparel manufacturing facilities in Cambodia and textile facility in Malaysia.

Net cash used in financing activities of S$12.6 million was primarily due to the settlement of other short-term borrowings to cushion the Group's bottom line against the rising interest rates.

Consequently, the Group's cash and cash equivalents increased from S$2.9 million to S$5.0 million in FY2022.

OUR PEOPLE AND COMMUNITY

PEOPLE DEVELOPMENT

KTMG recognises employees as our greatest asset. As the Group's business grows, it becomes increasingly crucial for our employees to continuously enhance their knowledge and skills to meet the challenges of the business environment.

KTMG Institute of Management ("**KTMG Institute**"), launched in March 2022, will continue to play a significant role in the Group's talent development initiatives. During the year, KTMG Institute introduced two training programmes to support human capital development:

- Leadership Development Programme to help our senior managers to hone their leadership skills; and
- Management Programme for executives and business partners to upgrade and develop their management and leadership capabilities.

Moving forward, in collaboration with Shanghai Action Education Technology Co. Ltd. (上海行动教育科技股份有限公司), a publicly listed management training institution based in Shanghai, KTMG Institute will continue to roll out improved and newly developed training programmes for our executive and leadership teams to help them to reach their full potential and grow in tandem with the Group.

We also regularly enrol our people in seminars and workshops to equip them with core and specific skills to support their career and personal development. To further enhance our efforts to nurture and retain talent, we also launched a mentorship programme to help guide high-potential talents through their career progression.

In Malaysia, learning exchange sessions were conducted periodically between top management and all the employees, where constructive discussion, group presentations, and team-building activities were held to improve work productivity and team cohesiveness.

We are committed to investing in our people and cultivating a positive learning culture. We believe it is vital that we continue to develop a motivated and united team of leaders and employees to enable us to maintain an edge and stay ahead in an increasingly competitive environment and ever-changing business landscape.

OUR PEOPLE AND COMMUNITY

Don Bosco School in Phnom Penh, Cambodia

Donation of blankets

SUPPORTING OUR COMMUNITIES

As we continue to grow our business, we remain committed to giving back to the communities around us through corporate social responsibility initiatives. Caring for the community is a continual process, and it starts by helping the less privileged in the communities where our business operates.

In Cambodia, we continued our annual tradition of donating garments to students at Don Bosco Technical School in Teuk Thla, Phnom Penh. Through our visitation, we hope to make a difference in the lives of the less fortunate kids, where we do our best to bring a little happiness and smile to them.

In response to the recent floods in Johor, Malaysia, we donated 2,000 blankets to flood victims housed in the flood relief centres through Fo Guang Shan Malaysia (Southern Region).

We believe that engaging in such an initiative allows us to give back to society while providing our employees with meaningful opportunities to connect with the communities around them.

GROUP PROPERTIES

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

Location: Batu Pahat, Johor

Description	Land Area (sq. m)	Tenure	Expiry Date	Book Value as at 31/12/2022 (S$'000)*
Industrial land with manufacturing factory	14,630 (Land area)	Leasehold 60 years	28-Aug-67	**1,009**
Industrial land with manufacturing factory	7,955 (Land area)	Leasehold 60 years	28-Aug-67	**1,214**
Industrial land	8,684.6 (Land area)	Leasehold 60 years	24-Jan-67	**390**
Industrial land	4,046.90 (Land area)	Leasehold 60 years	6-Apr-40	**269**
Industrial land with manufacturing factory	17,498 (Land area)	Freehold	–	**6,342**
Industrial land	6,829 (Land area)	Freehold	–	**406**
Industrial land	7,841 (Land area)	Freehold	–	**467**
Commercial shop lot	42.5 (Built-up area)	Freehold	–	**53**

Location: Simpang Renggam, Johor

Description	Land Area (sq. m)	Tenure	Expiry Date	Book Value as at 31/12/2022 (S$'000)*
Commercial shop lot	418.1 (Land area)	Freehold	–	**99**

*Exchange rate: MYR 1 = SGD 0.30

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
Public Accountants and Chartered Accountants
1 Raffles Place
#04-61 One Raffles Place Tower 2
Singapore 048616
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: info@ktmg.sg

SPONSOR
SAC Capital Private Limited
1 Robinson Road
#21-00
AIA Tower
Singapore 048542

FINANCIAL CONTENTS

ANNUAL REPORT 2022
KTMG LIMITED

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

Pursuant to Rule 710 of the Catalist Rules, the Board confirms that the Company and Group have, for the financial year ended 31 December 2022 ("**FY2022**"), complied with and observed the Principles as set out in the Code. The Board also confirms that where there are deviations from the Provisions of the Code, explanations, including the Provision from which it has varied, reasons for deviation and how the Group's practices are consistent with the aim and philosophy of the Principle in question, have been provided in the relevant sections below:–

BOARD MATTERS

The Board's Conduct of Affairs

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

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

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

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

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

1. Evaluating and approving the Group's strategic plans, key operational initiatives, major investments and divestments and funding requirements;

2. Reviewing the performance of the business and approving the release of the financial results announcement of the Group to shareholders;

STATEMENT OF CORPORATE GOVERNANCE

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 is set out in this Report below. The Board accepts that while the Board Committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

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

a) Approval and announcement of half-year and full year financial statements results announcements, and the release of the Company's annual reports;

b) Convening of shareholders' meeting and circulars to shareholders to be issued in connection therewith;

c) Declaration of interim dividends and proposal of final dividends;

d) Approval of material investments, acquisitions and disposals of assets;

e) Matters as specified under the SGX-ST's interested person transaction policy;

f) Approval of major transactions; and

g) Approval of corporate or financial structuring, annual budgets, corporate strategy, share issuances, and communications with regulatory authorities and shareholder matters.

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

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

STATEMENT OF CORPORATE GOVERNANCE

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.

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

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

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Directors' attendance at Board and Board Committee Meetings held for FY2022 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 FY2022, the NC is of the view that Directors with multiple board representations and other principal commitments, have ensured that sufficient time and attention are given to the affairs of each company. The Board has not fixed the maximum number of listed company board representations and other principal commitments which any Director may hold. Further details of which is set out under Principle 4 of this Report.

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

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

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

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

The Company Secretary or their respective representatives administer, attend and prepare minutes of Board and Board Committee meetings as well as shareholders' meetings. They assist the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure effective functioning of the Board, and that the Company's Constitution and relevant rules and regulations, including requirements of the Companies Act 1967 (the "**Companies**

STATEMENT OF CORPORATE GOVERNANCE

Act") and the Catalist Rules are complied with. They also assist the Chairman and the Board in implementing and strengthening corporate governance practices and processes with a view of enhancing long-term shareholders' value. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Board Composition and Guidance

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

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

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

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

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

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

In view of the above revised Catalist Rules, Mr Yap Boh Pin and Mr Goh Yeow Tin, who were appointed to the Board on 1 April 2004 and 1 October 2007 respectively will no longer be deemed independent at the Company's annual general meeting held in 2024 in respect of the financial year ending 31 December 2023. The Company will commence its search process for suitable candidates to replace Mr Yap Boh Pin and Mr Goh Yeow Tin.

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

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

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

Balance and Diversity of the Board

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

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

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

a) Age;

b) Gender;

c) Skills;

d) Experience; and

e) Background;

STATEMENT OF CORPORATE GOVERNANCE

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

- To ensure that the Board is made up of at least half independent directors. Based on the current board composition, comprising one (1) Executive Chairman, one (1) Executive Director and Chief Executive Officer, one (1) Non-Executive and Lead Independent Director and two (2) Non-Executive and Independent Directors, the Board composition of having three (3) Independent Directors making up at least 50% of the entire Board is met and remains a constant ongoing target for the Group;

- To have on Board individuals from various backgrounds, experience, age and gender to provide valuable insights across relevant industries, domain and fields. As demonstrated in the table above, the Board comprises individuals who bring a wealth of experience in various areas. This allows for robust discussions between Board members during decision making processes.

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

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.

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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.

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.

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

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

For FY2022, 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 at the forthcoming AGM pursuant to Regulation 118 of the Company's Constitution:

Mr Lim Vhe Kai
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 GOH YEOW TIN
Date of Appointment	18 February 2019	1 October 2007
Date of last re-appointment	30 April 2021	30 April 2021
Age	48	72
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("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.	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 SGXST 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 contributions and performances, attendance, preparedness, participation, candour and suitability of Mr Goh Yeow Tin for reappointment 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.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and CEO	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.	Mr Goh Yeow Tin holds a Bachelor's Degree in Mechanical Engineering (Hons) and a Master's Degree in Industrial Engineering and Management.

STATEMENT OF CORPORATE GOVERNANCE

	MR LIM VHE KAI	MR GOH YEOW TIN
Working experience and occupation(s) during the past 10 years	Knit Textiles Mfg. Sdn. Bhd. (August 2002-Present) – Marketing Director	Seacare Foundation Pte Ltd (2012-Present) – Non-Executive Chairman
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 (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 Mr Lim Vhe Kai is a beneficiary.	Direct Interest: 503,857 ordinary shares
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 Vhe Kai is the son of Mr Lim Siau Hing @ Lim Kim Hoe, the Executive Chairman of the Company.	No
Conflict of Interest (including any competing business)	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

STATEMENT OF CORPORATE GOVERNANCE

	MR LIM VHE KAI	MR GOH YEOW TIN
Other Principal Commitments * Including Directorships# Past (for the last 5 years)	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) – Haruaki Ventures Sdn. Bhd. (struck off on 26 February 2020)	Past 5 Years – Linknet Asia Pte. Ltd. – OEL (Holdings) Limited – Singapore Post Limited – SGP Global Private Limited (f.k.a Watertech Pte. Ltd.) – Sheng Siong Group Ltd. – Vicom Limited
Present	Present – Knit Textile Corporation Pte. Ltd. – Knit Textiles Mfg. Sdn. Bhd. – Moon Apparel (Cambodia) Co. Ltd. – Knit Textile Integrated Industries Co. Ltd. – Callisto Apparel (Cambodia) Co. Ltd. – Xentika Limited – Vertical Delta Sdn. Bhd.	Present – AsiaPhos Limited – Taka Jewellery 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.
	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

STATEMENT OF CORPORATE GOVERNANCE

	MR LIM VHE KAI	MR GOH YEOW TIN
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
c) Whether there is any unsatisfied judgment against him?	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
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

STATEMENT OF CORPORATE GOVERNANCE

	MR LIM VHE KAI	MR GOH YEOW TIN
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
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
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
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

STATEMENT OF CORPORATE GOVERNANCE

	MR LIM VHE KAI	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	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**”) 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.

STATEMENT OF CORPORATE GOVERNANCE

	MR LIM VHE KAI	MR GOH YEOW TIN
		(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
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
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

STATEMENT OF CORPORATE GOVERNANCE

	MR LIM VHE KAI	MR GOH YEOW TIN
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. 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.

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.

STATEMENT OF CORPORATE GOVERNANCE

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 FY2022.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

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

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

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

(a) To review and recommend to the Board all matters relating to the specific remuneration packages, including but not limited to directors' fees, salaries, allowances, bonuses and benefits-in-kind, of the Directors and key management personnel as well as to ensure the termination terms are fair;

(b) To review and make recommendations to the Board on the implementation of any appropriate long term incentive schemes for the Directors and employees of the Group;

(c) To review remuneration of all managerial staff that are related to any of the Directors, the CEO and any substantial shareholder of the Company;

(d) To review and recommend the remuneration framework, as well as the terms of employment of the Executive Directors and key management personnel, and to ensure that the level and structure of their remuneration should be aligned with the long-term interest and risk policies of the Company;

(e) To structure a significant and appropriate proportion of Executive Directors' and key management personnel's remuneration so as to link rewards to corporate and individual performances. Such remuneration should also be aligned with the interests of shareholders and promote the long-term success of the Company; and

STATEMENT OF CORPORATE GOVERNANCE

(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 FY2022, 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.

STATEMENT OF CORPORATE GOVERNANCE

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

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

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 FY2022 are set out below:

	Breakdown of Remuneration in Percentage (%)					
Directors	**Fees**	**Salary**	**Benefits-in-kind**	**Bonus**	**Total**	
	%	%	%	%	%	
Goh Yeow Tin	100	–	–	–	100	Band A
Yap Boh Pin	100	–	–	–	100	Band A
Koh Boon Huat	100	–	–	–	100	Band A
Lim Siau Hing @ Lim Kim Hoe	–	81.2	0.7	18.1	100	Band D
Lim Vhe Kai	–	76.4	2.0	21.6	100	Band D

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		Breakdown of Remuneration in Percentage (%)				
Key Management	Designation	Salary	Benefits-in-kind	Bonus	Total	
		%	%	%	%	
Chew Chong Kiat	Chief Operating Officer	84.1	3.6	12.3	100	Band B
Bong Wee Khong[1]	Chief Financial Officer	98.6	1.4	–	100	Band A
Low Yong Heng[2]	Financial Controller	100	–	–	100	Band A
Png Kim Leng[3]	Chief Marketing Officer	94.5	5.5	–	100	Band B

Band A: Compensation from S$100,000 and below per annum
Band B: Compensation between S$100,001 and S$200,000 per annum
Band C: Compensation between S$200,001 and S$300,000 per annum
Band D: Compensation between S$300,001 and S$400,000 per annum

Notes:

1. Bong Wee Khong was appointed as Chief Financial Officer of the Company with effect from 1 September 2022.
2. Low Yong Heng resigned as the Financial Controller of the Company with effect from 16 September 2022.
3. Png Kim Leng was appointed as the Chief Marketing Officer of the Company with effect from 1 July 2022.

The aggregate amount of the total remuneration paid to the Key Management Personnel (who are not Directors or CEO) is S$331,880 in FY2022. For FY2022, there are only four Key Management Personnel of the Group, excluding the Executive Chairman and the CEO.

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

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

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

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

Save for which, there are no full-time employees who are substantial shareholders, or are immediate family members of the Directors, the CEO or substantial shareholders, and whose remuneration exceeds S$100,000 during FY2022.

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

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

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

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

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

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

STATEMENT OF CORPORATE GOVERNANCE

Risk Management and Internal Controls

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

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

The external auditors carry out, in the course of their statutory audit, an annual review of the effectiveness of the Company's material internal controls to the extent laid out in their audit plan. Material internal control weaknesses noted during their audit (if any) and the auditors' recommendations are reported to the Board and the AC. Steps are taken to rectify any weaknesses reported. For FY2022, no material internal control weaknesses were noted by the external auditors.

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

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

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

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) that the Group's risk management and internal control systems are effective and adequate.

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)

STATEMENT OF CORPORATE GOVERNANCE

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

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

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

(a) Review the interim financial results and annual financial statements and the external auditors' report on the annual financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgments, compliance with Singapore Financial Reporting Standards (International) as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management to ensure the integrity of the financial statements of the Group and any announcements relating to the financial performance, where necessary, before submission to the Board for approval;

(b) Reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken;

(c) Review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(d) Review the assurance from the CEO and the Financial Controller on the financial records and financial statements;

(e) Reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

(f) Assist the Board of Directors in the identification and monitoring of areas of significant business risks with the help of internal and external auditors;

(g) Review the effectiveness of the financial and accounting control systems and management of financial and business risks;

(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;

STATEMENT OF CORPORATE GOVERNANCE

(k) Making recommendations on the appointment and removal of external auditors and to review the level of audit fees and terms of engagement of the external auditors;

(l) Review the independence of the Company's external and internal auditors on an annual basis;

(m) Review the adequacy, effectiveness, scope and results of the external audit, and the Company's internal audit function; and

(n) Review interested person transactions in accordance with the requirements of the Catalist Rules.

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

Key Audit Matters

In its review of the financial statements of the Group for FY2022, 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 FY2022, one key audit matter ("**KAM**") was reported by the external auditors and is set out on pages 53 to 54 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$114,259 in respect of FY2022. 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.

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Internal Audit

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes. The Company has appointed CLA Global TS Risk Advisory Pte. Ltd. ("**CLA Global TS**") (formerly known as Nexia TS) as the internal auditor to review the internal control processes of the Group. CLA Global TS is an independent network member of CLA Global and each CLA Global network member is a member of CLA Global Limited, a UK private company limited by guarantee. CLA Global TS possesses vast experience in providing internal audits, risk management services and advisory services in the region. The current engagement team assigned comprises of 3 members and is led by Ms Pamela Chen who has more than 14 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.

Whistle-blowing Policy

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

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

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

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

There was no whistle-blowing report received during FY2022 and until the date of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Engagement with Shareholders

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

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

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

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

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

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

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

For FY2022, all Directors were present at the last AGM and Extraordinary General Meeting ("**EGM**") held on 28 April 2022. Save for the aforementioned general meetings, there was no other general meeting held during FY2022.

STATEMENT OF CORPORATE GOVERNANCE

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.

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 2022 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.

STATEMENT OF CORPORATE GOVERNANCE

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.

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 FY2022 which exceeds S$100,000 in value.

MATERIAL CONTRACTS

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

SUSTAINABILITY REPORT

Pursuant to Rule 711B(3) of the Catalist Rules of the SGX-ST, it requires Issuers to conduct an internal review of their sustainability reporting process to increase stakeholder confidence in the accuracy and reliability of the sustainability information disclosed. Accordingly, the internal auditor reviewed processes in relation to its sustainability reporting which included in their internal audit plan for FY2022.

The Company is in the midst of finalising its Sustainability Report for FY2022 which will be identifying and assessing the material environmental, social and governance factors by taking into consideration their relevance to the business, strategy, business model and key stakeholders. It will be made available to the shareholders on the SGXNet and the Company's website on a standalone basis by 30 April 2023.

NON-SPONSORHIP FEES

There was no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**") for FY2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors submit this statement to the members together with the audited consolidated financial statements of KTMG Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2022.

In the opinion of the directors,

(a) the accompanying financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the year ended 31 December 2022 in accordance with the provisions of the Singapore Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Names of directors

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

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

Directors' interest in shares, debentures, warrants or options

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

	Number of ordinary shares					
	Shares registered in the name of director			Shares in which director is deemed to have an interest		
	As at 1.1.2022	As at 31.12.2022	As at 21.1.2023	As at 1.1.2022	As at 31.12.2022	As at 21.1.2023
The Company – KTMG Limited						
Lim Siau Hing @ Lim Kim Hoe	47,750,000	**47,750,000**	**47,750,000**	85,000,000	**85,000,000**	**85,000,000**
Lim Vhe Kai	–	**–**	**–**	85,000,000	**85,000,000**	**85,000,000**
Goh Yeow Tin	503,857	**503,857**	**503,857**	–	**–**	**–**
Yap Boh Pin	507,262	**507,262**	**507,262**	–	**–**	**–**

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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

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

Audit Committee

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

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

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

(i) overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls;

(ii) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

(iii) the 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 2022 as well as the auditor's report thereon;

(iv) effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditors;

(v) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

(vi) reviewed legal and regulatory matters that may have a material impact to the financial statements, related compliance policies and programmes and any reports received from regulators;

(vii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(viii) reviewed the nature and extent of non-audit services provided by the external auditor;

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Audit Committee (Continued)

(ix) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(x) reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate;

(xi) reviewed with the Board of Directors and management the possible risks or exposures that may exist and identifying the necessary steps to take in order to minimise such risks to the Company; and

(xii) interested person transactions (as defined in Chapter 9 of the Listing Manual of the Catalist Rules).

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

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

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

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

Independent auditor

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

On behalf of the directors

LIM SIAU HING @ LIM KIM HOE

LIM VHE KAI

Dated: 12 April 2023

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 2022, 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 Singapore Companies Act 1967 (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 2022, 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.

<u>Recoverability of trade receivables</u>

The Group's trade receivables as at 31 December 2022 amounted to $13 million, representing 26% of the Group's total assets. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. Management determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, management provides lifetime expected credit losses using a provision matrix. The provision rates are determined based on the Group's historical default rates analysed in accordance to days past due by grouping customers based on the customer profiles, adjusted for current and forward-looking information. This area is a key audit matter due to the amounts involved, as well as the inherent subjectivity that was involved in making judgement by the management in relation to assumptions used in the expected credit loss ("**ECL**") model such as forward-looking macroeconomic factors.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

Key Audit Matters (Continued)

Recoverability of trade receivables (Continued)

Our response and work performed:

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

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

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KTMG LIMITED

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

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, 12 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		The Group		The Company	
	Note	31 December 2022 $'000	31 December 2021 $'000	31 December 2022 $'000	31 December 2021 $'000
ASSETS					
Non-current Assets					
Property, plant and equipment	3	**15,111**	16,648	**–**	–
Right-of-use assets	4	**2,989**	3,512	**–**	–
Subsidiary	5	**–**	–	**26,400**	26,400
Deferred tax assets	6	**105**	56	**–**	–
		18,205	20,216	**26,400**	26,400
Current Assets					
Inventories	7	**11,337**	21,573	**–**	–
Trade and other receivables	8	**14,530**	27,472	**294**	491
Prepaid corporate tax		**540**	255	**–**	–
Cash and cash equivalents	9	**6,314**	4,239	**36**	19
		32,721	53,539	**330**	510
Total assets		**50,926**	73,755	**26,730**	26,910
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	10	**33,201**	33,201	**33,201**	33,201
Reserves	11	**(10,461)**	(12,786)	**(8,096)**	(8,014)
Equity attributable to owners of the Company		**22,740**	20,415	**25,105**	25,187
Non-controlling interests		**36**	17	**–**	–
Total equity		**22,776**	20,432	**25,105**	25,187
LIABILITIES					
Non-current liabilities					
Borrowings	12	**739**	2,010	**–**	–
Lease liabilities	13	**948**	1,523	**–**	–
Deferred tax liabilities	6	**–**	37	**–**	–
		1,687	3,570	**–**	–
Current Liabilities					
Borrowings	12	**11,678**	21,109	**–**	–
Lease liabilities	13	**806**	651	**–**	–
Trade and other payables	14	**13,784**	27,984	**1,625**	1,723
Tax payable		**195**	9	**–**	–
		26,463	49,753	**1,625**	1,723
Total liabilities		**28,150**	53,323	**1,625**	1,723
Total equity and liabilities		**50,926**	73,755	**26,730**	26,910

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 2022

The Group	Note	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Revenue	15	**106,294**	97,835
Cost of sales		**(90,179)**	(84,242)
Gross profit		**16,115**	13,593
Other income		**560**	318
Impairment loss recognised		**(160)**	(158)
Administrative and general expenses		**(9,072)**	(7,124)
Selling and marketing expenses		**(2,150)**	(2,716)
Finance costs	16	**(937)**	(714)
Profit before taxation	17	**4,356**	3,199
Taxation	18	**(873)**	(1,085)
Profit for the year		**3,483**	2,114
Other comprehensive loss after tax:			
Item that will be reclassified subsequently to profit or loss			
Currency translation differences		**(1,139)**	(141)
Total comprehensive income for the year		**2,344**	1,973
Profit for the year attributable to:			
– Owners of the Company		**3,464**	2,113
– Non-controlling interests		**19**	1
		3,483	2,114
Total comprehensive income attributable to:			
– Owners of the Company		**2,325**	1,972
– Non-controlling interests		**19**	1
		2,344	1,973
Earnings per share (cents)			
– Basic/diluted earnings per share	19	**2.04**	1.25

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 2022

	Share capital $'000	**Capital reserve $'000**	**Merger reserve $'000**	**Translation reserve $'000**	**Retained earnings $'000**	**Attributable to owners of the Company $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2021	33,201	571	(20,106)	62	4,715	18,443	–	18,443
Profit for the year	–	–	–	–	2,113	2,113	1	2,114
Other comprehensive loss	–	–	–	(141)	–	(141)	–	(141)
Total comprehensive income for the year	–	–	–	(141)	2,113	1,972	1	1,973
Transactions with owners recognised in equity:								
Contributions by and distributions to owners:								
Non-controlling interest arising from incorporation of a subsidiary	–	–	–	–	–	–	16	16
Balance at 31 December 2021	33,201	571	(20,106)	(79)	6,828	20,415	17	20,432
Profit for the year	**–**	**–**	**–**	**–**	**3,464**	**3,464**	**19**	**3,483**
Other comprehensive loss	**–**	**–**	**–**	**(1,139)**	**–**	**(1,139)**	**–**	**(1,139)**
Total comprehensive income for the year	**–**	**–**	**–**	**(1,139)**	**3,464**	**2,325**	**19**	**2,344**
Balance at 31 December 2022	**33,201**	**571**	**(20,106)**	**(1,218)**	**10,292**	**22,740**	**36**	**22,776**

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 2022

	Note	Year ended 31 December 2022 $'000	Year ended 31 December 2021 $'000
Cash Flows from Operating Activities			
Profit before taxation		**4,356**	3,199
Adjustments for:			
Bad debts recovered		**(188)**	–
Depreciation of property, plant and equipment	3	**1,441**	1,473
Depreciation of right-of-use assets	4	**734**	718
(Gain)/loss on disposal of property, plant and equipment	17	**(7)**	18
Impairment loss recognised on trade receivables, net	8	**160**	158
Interest expense	16	**937**	714
Interest income	17	**(33)**	(35)
Operating profit before working capital changes		**7,400**	6,245
Changes in trade and other receivables		**12,970**	(5,306)
Changes in inventories		**10,236**	(10,791)
Changes in trade and other payables		**(14,200)**	10,617
Cash generated from operations		**16,406**	765
Interest received		**33**	35
Income tax paid		**(1,058)**	(1,830)
Net cash generated from/(used in) operating activities		**15,381**	(1,030)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment[1]		**(599)**	(2,622)
Proceeds from disposal of property, plant and equipment		**90**	3
Net cash used in investing activities		**(509)**	(2,619)
Cash Flows from Financing Activities			
Proceeds from term loans and other short-term loans	Note A	**64,519**	66,864
Repayment of term loans and other short-term loans	Note A	**(75,422)**	(62,641)
Repayment of principal elements of lease liabilities	Note A	**(741)**	(635)
Interest paid	Note A	**(937)**	(714)
Changes in pledged deposits		**27**	(131)
Net cash (used in)/generated from financing activities		**(12,554)**	2,743
Net increase/(decrease) in cash and cash equivalents		**2,318**	(906)
Effects of exchange rate changes on cash and cash equivalents at the beginning of the year		**(216)**	49
Cash and cash equivalents at beginning		**2,864**	3,721
Cash and cash equivalents at end	9	**4,966**	2,864

(1) Excludes non-cash purchases of property, plant and equipment acquired by borrowings of $201,000 (2021 – $1,053,000) (see Note A).

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of liabilities arising from financing activities excluding equity items:

	Borrowings $'000	Lease liabilities $'000	Total $'000
	(Note 12)	(Note 13)	
At 1 January 2021	17,843	2,690	20,533
Cash flows from financing activities (Note A):			
– Proceeds from other short-term loans	66,864	–	66,864
– Repayment of term loans	(1,099)	–	(1,099)
– Repayment of other short-term loans	(61,542)	–	(61,542)
– Repayment of principal elements of lease liabilities	–	(635)	(635)
– Interest paid	(413)	(301)	(714)
	3,810	(936)	2,874
Non-cash changes:			
– Purchase of property, plant and equipment	1,053	–	1,053
– New leases acquired during the financial year (Note 4)	–	119	119
– Interest expense (Note 16)	413	301	714
	1,466	420	1,886
At 31 December 2021	23,119	2,174	25,293
Cash flows from financing activities (Note A):			
– Proceeds from other short-term loans	**64,519**	**–**	**64,519**
– Repayment of term loans	**(1,303)**	**–**	**(1,303)**
– Repayment of other short-term loans	**(74,119)**	**–**	**(74,119)**
– Repayment of principal elements of lease liabilities	**–**	**(741)**	**(741)**
– Interest paid	**(708)**	**(229)**	**(937)**
	(11,611)	**(970)**	**(12,581)**
Non-cash changes:			
– Purchase of property, plant and equipment	**201**	**–**	**201**
– New leases acquired during the financial year (Note 4)	**–**	**321**	**321**
– Interest expense (Note 16)	**708**	**229**	**937**
	909	**550**	**1,459**
At 31 December 2022	**12,417**	**1,754**	**14,171**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1 GENERAL INFORMATION

The financial statements of the Group and the Company for the year ended 31 December 2022 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 acquisition by Knit Textile and Apparel Pte. Ltd. ("**KTAPL**") and subsidiaries (the "**KTAPL Group**") which was completed on 18 February 2019.

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

2(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement

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

(a) Significant judgement made in applying accounting policies

(i) Determination of functional currency

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

The determination of functional currency affects the carrying amount of the non-current assets included in the statement of financial position and, as a consequence, the amortisation of those assets included in the statement of 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 4)

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

(b) If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not to terminate);

(c) Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

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

(iii) Control over Santalia Kesturi Sdn Bhd ("**SKSB**") (Note 5)

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

(iv) Income taxes (Note 18)

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

(b) Critical sources of estimation uncertainty

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2(A) BASIS OF PREPARATION (CONTINUED)

Significant accounting estimates and judgement (Continued)

(b) Critical sources of estimation uncertainty (Continued)

(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. A decrease of 10% in the estimated future cash inflows will not lead to further allowance for impairment on the Group's trade receivables.

(iii) Estimation of the incremental borrowing rate ("**IBR**") (Notes 4 and 13)

For the purpose of calculating the right-of-use asset and its related lease liability, the Group applies the interest rate implicit in the lease ("**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 4 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.

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

The Group has applied the following SFRS(I), amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- Amendment to SFRS(I) 16: Covid-19- Related Concessions beyond 30 June 2021
- Amendment to SFRS(I) 3: Reference to the Conceptual Framework
- Amendment to SFRS(I) 1-16: Property, plant and equipment- Proceeds before Intended Use
- Amendment to SFRS(I) 37: Onerous Contracts- Cost of Fulfilling a Contract
- Amendment to SFRS(I) 9: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendment to SFRS(I) 1-41: Taxation in Fair Value Measurements

The application of these amendments to standards and interpretations does not have a material effect on the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2(C) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1	*Non-Current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

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 intragroup transactions and dividends are eliminated in full.

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

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

<u>Subsidiary</u>

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.

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.

Transactions with non-controlling interest

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

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

Consolidation (Continued)

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 in FY2019 had been accounted for as a reverse acquisition.

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

Property, plant and equipment and depreciation

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

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

Freehold land and assets under construction are not depreciated.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Property, plant and equipment and depreciation (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Leases (Continued)

The Group as a lessee (Continued)

(a) Lease liabilities (Continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Leases (Continued)

The Group as a lessee (Continued)

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

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

Leasehold land	:	Over the lease term of 60 years
Factory premises	:	Over the lease term of 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.

Impairment of non-financial assets

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

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

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

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 22.

Financial assets

Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial assets (Continued)

Initial recognition and measurement (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial assets (Continued)

Write-off Policy

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

Financial liabilities

Initial recognition and measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Financial liabilities (Continued)

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.

Provisions

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

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

Provision for sales rebate

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

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 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Income taxes (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Conversion of foreign currencies (Continued)

Group entities

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

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

Earnings per share

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

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief 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 21 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information. Segment results that are reported to Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3 PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land $'000	Buildings $'000	Plant and machinery $'000	Electrical installation $'000	Office equipment and furniture and fittings $'000	Motor vehicles $'000	Renovations $'000	Assets under construction $'000	Total $'000
Cost									
At 1 January 2021	2,233	8,005	9,571	1,353	2,213	490	1,670	103	25,638
Additions	929	3	1,661	144	884	–	54	–	3,675
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	–	–	–	–	–	196	–	–	196
Disposals/written-off	–	–	(187)	(289)	(447)	–	–	–	(923)
Translation differences	(38)	(128)	(53)	(1)	27	(6)	30	(1)	(170)
At 31 December 2021	3,124	7,880	10,992	1,207	2,677	680	1,754	102	28,416
Additions	**–**	**58**	**388**	**40**	**218**	**25**	**71**	**–**	**800**
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	**–**	**–**	**–**	**–**	**–**	**91**	**–**	**–**	**91**
Disposals/written-off	**–**	**–**	**(349)**	**–**	**(17)**	**(144)**	**–**	**–**	**(510)**
Translation differences	**(183)**	**(461)**	**(397)**	**(32)**	**(121)**	**(31)**	**(27)**	**(6)**	**(1,258)**
At 31 December 2022	**2,941**	**7,477**	**10,634**	**1,215**	**2,757**	**621**	**1,798**	**96**	**27,539**
Accumulated depreciation									
At 1 January 2021	–	1,072	5,678	1,023	1,544	436	1,247	–	11,000
Depreciation	–	179	879	79	198	32	106	–	1,473
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	–	–	–	–	–	182	–	–	182
Disposals/written-off	–	–	(184)	(289)	(429)	–	–	–	(902)
Translation differences	–	(18)	(9)	(2)	3	(4)	45	–	15
At 31 December 2021	–	1,233	6,364	811	1,316	646	1,398	–	11,768
Depreciation	**–**	**170**	**885**	**81**	**234**	**22**	**49**	**–**	**1,441**
Reclassification from "right-of-use assets" upon full repayment of lease liabilities (Note 4)	**–**	**–**	**–**	**–**	**–**	**91**	**–**	**–**	**91**
Disposals/written-off	**–**	**–**	**(276)**	**–**	**(12)**	**(139)**	**–**	**–**	**(427)**
Translation differences	**–**	**(77)**	**(246)**	**(27)**	**(54)**	**(33)**	**(8)**	**–**	**(445)**
At 31 December 2022	**–**	**1,326**	**6,727**	**865**	**1,484**	**587**	**1,439**	**–**	**12,428**
Carrying amount									
At 31 December 2022	**2,941**	**6,151**	**3,907**	**350**	**1,273**	**34**	**359**	**96**	**15,111**
At 31 December 2021	3,124	6,647	4,628	396	1,361	34	356	102	16,648

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

The Group	2022 $'000	2021 $'000
Cost of sales (Note 17)	**1,283**	1,283
Administrative and general expenses (Note 17)	**158**	190
	1,441	1,473

As at 31 December 2022, the Group's property, plant and equipment amounting to $8,618,000 (2021 – $9,730,000) are pledged as collaterals for bank borrowings as disclosed under Note 12. Assets under construction relate to the Group's proposed construction of staff hostel in Batu Pahat, Malaysia, awaiting approval from the Malaysian authorities.

As at 31 December 2022, 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 4) mainly comprise:

- 4 plots (2021 – 4 plots) of freehold land with land area between 400 sqm and 18,000 sqm, respectively, located in Batu Pahat, Malaysia, on which one of the Group's factory premises has been built upon;
- 4 plots of leasehold land with land area between 4,000 sqm and 15,000 sqm, respectively, located in Batu Pahat, Malaysia with remaining tenure between 17 years and 44 years, on which the Group's 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 with remaining tenure of 2 years; and
- A lease of an office premise with floor area of less than 186 sqm, located in Singapore with remaining tenure of 1 year.

4 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 2021	1,721	2,918	559	544	5,742
New leases	–	119	–	–	119
End of lease	–	(343)	–	–	(343)
Reclassification to "property, plant and equipment" upon full repayment of lease liabilities (Note 3)	–	–	–	(196)	(196)
Translation differences	(28)	64	(54)	14	(4)
At 31 December 2021	1,693	2,758	505	362	5,318
New leases	**–**	**66**	**–**	**255**	**321**
End of lease	**–**	**(2)**	**–**	**(18)**	**(20)**
Reclassification to "property, plant and equipment" upon full repayment of lease liabilities (Note 3)	**–**	**–**	**–**	**(91)**	**(91)**
Translation differences	**(97)**	**(15)**	**(28)**	**(24)**	**(164)**
At 31 December 2022	**1,596**	**2,807**	**477**	**484**	**5,364**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4 RIGHT-OF-USE ASSETS (CONTINUED)

The Group	**Leasehold land $'000**	**Factory premises $'000**	**Plant and machinery $'000**	**Motor vehicles $'000**	**Total $'000**
Accumulated depreciation					
At 1 January 2021	322	988	26	292	1,628
Depreciation	39	560	22	97	718
End of lease	–	(343)	–	–	(343)
Reclassification to "property, plant and equipment" upon full repayment of lease liabilities (Note 3)	–	–	–	(182)	(182)
Translation differences	(5)	18	(20)	(8)	(15)
At 31 December 2021	356	1,223	28	199	1,806
Depreciation	**38**	**575**	**52**	**69**	**734**
End of lease	**–**	**(2)**	**–**	**(18)**	**(20)**
Reclassification to "property, plant and equipment" upon full repayment of lease liabilities (Note 3)	**–**	**–**	**–**	**(91)**	**(91)**
Translation differences	**(23)**	**(19)**	**(2)**	**(10)**	**(54)**
At 31 December 2022	**371**	**1,777**	**78**	**149**	**2,375**
Carrying amount					
At 31 December 2022	**1,225**	**1,030**	**399**	**335**	**2,989**
At 31 December 2021	1,337	1,535	477	163	3,512

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

The Group	**2022 $'000**	**2021 $'000**
Cost of sales (Note 17)	**558**	484
Administrative and general expenses (Note 17)	**176**	234
	734	718

As at 31 December 2022, the Group's right-of-use assets amounting to $1,225,000 (2021 – $1,337,000) are pledged as collaterals for bank borrowings as disclosed under Note 12.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 SUBSIDIARY

The Company	2022 $'000	2021 $'000
Unquoted equity investment, at cost	26,400	26,400

The details of the subsidiaries are as follow:

Name	Country of incorporation/ principal place of business	Percentage of equity held 2022	2021	Principal activities
Held by the Company				
Knit Textile and Apparel Pte. Ltd. ("**KTAPL**")(1)	Singapore	**100**	100	Investment holding
Held by KTAPL				
Knit Textile Holdings Sdn. Bhd. ("**KTHSB**")(2)	Malaysia	**100**	100	Investment holding
Callisto Apparel Holdings Pte. Ltd. ("**CAHPL**")(1)	Singapore	**100**	100	Investment holding
Moon Apparel Holdings Pte. Ltd. ("**MAHPL**")(1)	Singapore	**100**	100	Investment holding
Knit Textile Corporation Pte. Ltd. ("**KTCPL**")(1)	Singapore	**100**	100	Manufacturing of apparel products
Knit Textile Vietnam Company Limited ("**KTVCL**")(4)(6)	Vietnam	**100**	–	Inactive
Xentika Limited ("**Xentika**")(2)	Seychelles	**100**	100	International business
Held by KTHSB				
Knit Textiles Mfg. Sdn. Bhd ("**KTMSB**")(2)	Malaysia	**100**	100	Apparel manufacturing
Knit Textile Integrated Industries Sdn. Bhd. ("**KTIISB**")(2)	Malaysia	**100**	100	Operation of a fabric dyeing and finishing plant
Held by KTIISB				
Santalia Kesturi Sdn Bhd ("**SKSB**")(2)(5)	Malaysia	**49**	49	Property holding and investment holding
Held by CAHPL				
Callisto Apparel (Cambodia) Co. Ltd.(3)	Cambodia	**100**	100	Apparel manufacturing
Held by MAHPL				
Moon Apparel (Cambodia) Co. Ltd.(3)	Cambodia	**100**	100	Apparel manufacturing

(1) Audited by Foo Kon Tan LLP
(2) Audited by a member firm of HLB International, HLB Ler Lum Chew PLT
(3) Audited by BG Associates Ltd, a member firm of Moore Global Network Limited
(4) Audited by Foo Kon Tan LLP for the purpose of consolidation.
(5) Although the Group owns only 49% of the voting rights of SKSB, the Group is exposed to and has the rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity through its control of the composition of the board of directors by virtue of the shareholders' agreements. Consequently, management consolidates the investment in this entity as a subsidiary of the Group.
(6) KTVCL was incorporated in Vietnam in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6 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 18)	At 31 December $'000
At 31 December 2022			
Deferred tax liabilities			
Property, plant and equipment	**(37)**	**37**	**–**
Deferred tax assets			
Property, plant and equipment	**56**	**49**	**105**
	19	**86**	**105**
At 31 December 2021			
Deferred tax liabilities			
Property, plant and equipment	(16)	(21)	(37)
Deferred tax assets			
Property, plant and equipment	210	(154)	56
	194	(175)	19

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 2022, no deferred tax liabilities have been recognised as dividends declared by the Malaysian-incorporated subsidiaries would be tax-exempt; and other subsidiaries do not have undistributed earnings, respectively.

7 INVENTORIES

The Group	2022 $'000	2021 $'000
Raw materials, at cost	**5,075**	10,811
Work-in-progress, at cost	**1,997**	3,660
Finished goods, at cost	**4,265**	7,102
	11,337	21,573

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 2022 amounted to $59,171,000 (2021 – $53,032,000).

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	**13,526**	26,767	**–**	–
Allowance for impairment loss	**(364)**	(649)	**–**	–
Net trade receivables	**13,162**	26,118	**–**	–
Other receivables	**41**	101	**286**	471
Deposits	**885**	876	**1**	–
Financial assets at amortised cost	**14,088**	27,095	**287**	471
Prepayments	**223**	192	**5**	5
Net input GST/VAT recoverable	**219**	185	**2**	15
	14,530	27,472	**294**	491

The movement of allowance for impairment losses is as follows:

The Group

	2022	**2021**
	$'000	**$'000**
At the beginning of the year	**649**	491
Impairment loss recognised	**289**	206
Impairment loss reversed	**(129)**	(48)
Impairment loss recognised, net	**160**	158
Impairment loss utilised	**(445)**	–
At the end of the year	**364**	649

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 prepayments and net input GST/VAT recoverable) are denominated in the following currencies:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**38**	55	**287**	471
United States dollar	**13,589**	26,599	**–**	–
Malaysian ringgit	**461**	441	**–**	–
	14,088	27,095	**287**	471

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	**16**	49	**–**	–
Cash at bank	**4,950**	2,815	**36**	19
Fixed deposits	**1,348**	1,375	**–**	–
Cash and cash equivalents	**6,314**	4,239	**36**	19
Less: Deposits pledged	**(1,348)**	(1,375)		
Cash and cash equivalents in the statement of cash flows	**4,966**	2,864		

Included in cash at bank is an amount of $1,348,000 (2021 – $1,375,000) pledged to secure bank borrowings (refer to Note 12).

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Singapore dollar	**107**	59	**36**	19
United States dollar	**4,681**	2,830	**–**	–
Malaysian ringgit	**1,522**	1,339	**–**	–
Others	**4**	11	**–**	–
	6,314	4,239	**36**	19

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

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 2021, at 31 December 2021 and **31 December 2022**	**169,682**	**33,201**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 RESERVES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Capital reserve	**571**	571	**571**	571
Merger reserve	**(20,106)**	(20,106)	**–**	–
Translation reserve	**(1,218)**	(79)	**–**	–
Retained earnings/(accumulated losses)	**10,292**	6,828	**(8,667)**	(8,585)
	(10,461)	(12,786)	**(8,096)**	(8,014)

Capital reserve

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

Merger reserve

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

Translation reserve

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

12 BORROWINGS

The Group	Maturity of borrowings	2022 $'000	2021 $'000
Secured			
Term loans:			
– Floating rate	2022 – 2033	**2,063**	3,289
		2,063	3,289
Other short-term loans:			
– Trust receipts	On demand	**7,700**	15,220
– Bankers' acceptance	On demand	**2,228**	3,326
– Invoice financing	On demand	**426**	1,284
		10,354	19,830
		12,417	23,119
Presented as:			
Non-current		**739**	2,010
Current		**11,678**	21,109
		12,417	23,119

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12 BORROWINGS (CONTINUED)

Borrowings are denominated in the following currencies:

The Group	2022 $'000	2021 $'000
United States dollar	**9,033**	18,228
Malaysian ringgit	**3,384**	4,891
	12,417	23,119

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

The Group	2022 %	2021 %
Trust receipts	**0.77% – 7.05%**	1.50% – 3.33%
Bankers' acceptances	**3.14% – 5.10%**	3.17% – 3.80%
Invoice financing	**1.96% – 6.56%**	1.89% – 1.90%
Term loans	**1.91% – 6.12%**	1.91% – 5.10%

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

The Group	2022 $'000	2021 $'000
On demand or within one year	**11,678**	21,109
More than 1 year but less than 2 years	**130**	1,164
More than 2 years but less than 5 years	**159**	339
More than 5 years	**450**	507
	12,417	23,119

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

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

The Group	2022 $'000	2021 $'000
Term loan		
– Carrying amount	**739**	2,010
– Fair value	**961**	2,258

The fair values are determined from the discounted cash flow analysis, using the discount rates of 1.91% – 6.12% (2021 – 1.91% – 5.10%) based on the borrowing rates which the directors expect would be available to the Group at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 LEASE LIABILITIES

The Group	2022 $'000	2021 $'000
Undiscounted lease payments due:		
– Within one year	**999**	898
– In the second to fifth year inclusive	**1,210**	1,713
	2,209	2,611
Less: Future interest costs	**(455)**	(437)
	1,754	2,174
Presented as:		
– Non-current	**948**	1,523
– Current	**806**	651
	1,754	2,174

Lease liabilities are denominated in the following currencies:

The Group	2022 $'000	2021 $'000
Singapore dollar	**89**	113
United States dollar	**1,130**	1,597
Malaysian ringgit	**535**	464
	1,754	2,174

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 $970,000 (2021 – $936,000).

Interest expense on lease liabilities of $229,000 (2021 – $301,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	**7,791**	19,568	**5**	11
Amounts due to directors/shareholders (non-trade)	**1,610**	1,666	**–**	–
Amount due to a subsidiary (non-trade)	**–**	–	**1,438**	1,556
Accrued operating expenses	**1,417**	1,614	**173**	152
Accrued salaries and wages	**1,236**	1,467	**9**	4
Other payables	**1,212**	2,889	**–**	–
Miscellaneous creditors	**231**	321	**–**	–
Financial liabilities at amortised cost	**13,497**	27,525	**1,625**	1,723
Provision for sales rebates	**287**	459	**–**	–
	13,784	27,984	**1,625**	1,723

Trade payables are unsecured, non-interest bearing and are normally settled between 30 to 120 days (2021 – 30 to 120 days).

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

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

The Group	2022 $'000	2021 $'000
At 1 January	**459**	621
Provision for the year	**287**	459
Provision utilised	**(459)**	(621)
At 31 December	**287**	459

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Singapore dollar	**1,743**	518	**1,625**	1,723
United States dollar	**11,154**	21,600	**–**	–
Malaysian ringgit	**600**	5,407	**–**	–
	13,497	27,525	**1,625**	1,723

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15 REVENUE

The Group	2022 $'000	2021 $'000
Sale of goods, at a point in time	**106,294**	97,835

16 FINANCE COSTS

The Group	2022 $'000	2021 $'000
Interest expenses on:		
– Term loans	**116**	58
– Other short-term loans	**592**	355
– Lease liabilities	**229**	301
	937	714

17 PROFIT BEFORE TAXATION

The Group	2022 $'000	2021 $'000
Included in "other income":		
Bad debts recovered	**188**	–
Gain/(loss) on disposal of property, plant and equipment	**7**	(18)
Interest income	**33**	35
Malaysian wage subsidy income	**–**	188
Included in "cost of sales":		
Depreciation of property, plant and equipment (Note 3)	**1,283**	1,283
Depreciation of right-of-use assets (Note 4)	**558**	484
Cost of goods purchased	**59,171**	53,032
Freight and delivery charges	**1,838**	1,698
Repair and maintenance costs	**947**	942
Salary and related costs	**12,334**	12,756
Defined contribution plan	**660**	703
	12,994	13,459
Subcontractor charges	**10,648**	10,713
Utility charges	**1,532**	1,549

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17 PROFIT BEFORE TAXATION (CONTINUED)

The Group	2022 $'000	2021 $'000
Included in "administrative and general expenses":		
Depreciation of property, plant and equipment (Note 3)	**158**	190
Depreciation of right-of-use assets (Note 4)	**176**	234
Directors' fees	**115**	107
Foreign exchange losses, net	**1,617**	361
Repair and maintenance costs	**144**	129
Legal and professional fees	**677**	493
Salary and related costs*	**3,951**	3,700
Defined contribution plan*	**337**	338
	4,288	4,038
Travelling and transport expenses	**39**	22
Utility charges	**71**	64
Included in "selling and marketing expenses":		
Entertainment expenses	**76**	22
Travelling and transport expenses	**111**	25
Sampling and commission paid	**1,444**	1,852
Air freight	**–**	310

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

18 TAXATION

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

The Group	2022 $'000	2021 $'000
Current tax expense		
– Current year	**1,087**	740
– (Over)/under provision in respect of prior years	**(128)**	170
	959	910
Deferred tax (credit)/expense (Note 6)		
– Origination and reversal of temporary differences	**(86)**	175
	873	1,085
Reconciliation of effective rate		
Profit before taxation	**4,356**	3,199
Tax at domestic rates applicable to countries in which the Group operates	**1,006**	846
Income not subject to tax	**(53)**	(29)
Non-deductible expenses	**48**	98
(Over)/under-provision in respect of prior years	**(128)**	170
	873	1,085

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18 TAXATION (CONTINUED)

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

The Group	2022	2021
	%	%
Cambodia	**20**	20
Malaysia	**24**	24
Seychelles	**–**	–
Singapore	**17**	17

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

19 EARNINGS PER SHARE

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

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

The Group	2022	2021
	$'000	$'000
Profit for the year attributable to owners of the Company ($'000)	**3,464**	2,113
Weighted average number of ordinary shares for basic and diluted earnings per share ('000)	**169,682**	169,682
Basic and diluted earnings per share (cents)	**2.04**	1.25

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

20 RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

The key management personnel compensation comprises:

The Group	2022	2021
	$'000	$'000
Short term employee benefits	**1,175**	1,071
Contributions to defined contribution plans	**131**	84
	1,306	1,155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21 OPERATING SEGMENTS

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

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

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

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

Geographical Information

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

The Group	2022 $'000	2021 $'000
Revenue		
United Kingdom	**44,053**	28,991
United States	**28,801**	42,621
European Union	**18,951**	21,264
Canada	**10,959**	1,421
Malaysia	**1,819**	1,733
Others	**1,711**	1,805
	106,294	97,835

Included in the Group's consolidated revenue are sales of approximately $55.7 million (2021 – $66.8 million) to 3 customers (2021 – 4 customers) who contributed at least 10% of the Group's revenue each for FY2022 and FY2021 respectively.

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

The Group	2022 $'000	2021 $'000
Non-current assets		
Malaysia	**14,926**	16,083
Cambodia	**3,180**	3,999
Singapore	**99**	134
	18,205	20,216

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21 OPERATING SEGMENTS (CONTINUED)

Geographical Information (Continued)

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

The Group	**2022**	**2021**
	$'000	**$'000**
Property, plant and equipment	**15,111**	16,648
Right-of-use assets	**2,989**	3,512
Deferred tax assets	**105**	56
	18,205	20,216

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Credit risk

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

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

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

At reporting date, the Group has concentration of credit risk with 3 customers (2021 – 3 customers) accounting for approximately 74% (2021 – 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 2022

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

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

The Group	2022 $'000	2021 $'000
Past due less than 1 month	**2,057**	588
Past due 1 to 2 months	**92**	35
Past due over 2 to 3 months	**9**	–
Past due over 3 months	**8**	307

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	2022 $'000	2021 $'000
Fixed rate instruments		
Trust receipts (Note 12)	**7,700**	15,220
Bankers' acceptance (Note 12)	**2,228**	3,326
Invoice financing (Note 12)	**426**	1,284
Lease liabilities (Note 13)	**1,754**	2,174
	12,108	22,004

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

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

The Group	**2022** **$'000**	**2021** **$'000**
Variable rate instruments		
Floating rate loans (Note 12)	**2,063**	3,289

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.

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 profit before tax and equity. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

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

Foreign currency risk

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

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

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

The Group	**2022 USD $'000**	**2021 USD $'000**
Trade and other receivables (Note 8)	**13,589**	26,599
Cash and cash equivalents (Note 9)	**4,681**	2,830
Borrowings (Note 12)	**(9,033)**	(18,228)
Lease liabilities (Note 13)	**(1,130)**	(1,597)
Trade and other payables (Note 14)	**(11,154)**	(21,600)
Net currency exposure	**(3,047)**	(11,996)
Sensitivity analysis		
Strengthened by 10% (2021 – 10%)	**(305)**	(1,200)
Weakened by 10% (2021 – 10%)	**305**	1,200

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 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 2022 and 2021, albeit that the reasonably possible foreign exchange rate variances may have been different.

Liquidity risk

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

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

		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 2022					
Term loans – Floating rate (Note 12)	**2,063**	**2,285**	**1,324**	**423**	**538**
Other short-term loans (Note 12)	**10,354**	**10,354**	**10,354**	**–**	**–**
Lease liabilities (Note 13)	**1,754**	**2,209**	**999**	**1,210**	**–**
Trade and other payables (Note 14)	**13,497**	**13,497**	**13,497**	**–**	**–**
	27,668	**28,345**	**26,174**	**1,633**	**538**
31 December 2021					
Term loans – Floating rate (Note 12)	3,289	3,537	1,279	1,664	594
Other short-term loans (Note 12)	19,830	19,830	19,830	–	–
Lease liabilities (Note 13)	2,174	2,611	898	1,713	–
Trade and other payables (Note 14)	27,525	27,525	27,525	–	–
	52,818	53,503	49,532	3,377	594
The Company					
31 December 2022					
Trade and other payables (Note 14)	**1,625**	**1,625**	**1,625**	**–**	**–**
31 December 2021					
Trade and other payables (Note 14)	1,723	1,723	1,723	–	–

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 2022

23 FINANCIAL INSTRUMENTS BY CATEGORY

Fair values

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

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other receivables (Note 8)	**14,088**	27,095	**287**	471
Cash and cash equivalents (Note 9)	**6,314**	4,239	**36**	19
	20,402	31,334	**323**	490
Financial liabilities				
Borrowings (Note 12)	**12,417**	23,119	**–**	–
Lease liabilities (Note 13)	**1,754**	2,174	**–**	–
Trade and other payables (Note 14)	**13,497**	27,525	**1,625**	1,723
	27,668	52,818	**1,625**	1,723

24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24 CAPITAL MANAGEMENT (CONTINUED)

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.

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	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Borrowings (Note 12)	**12,417**	23,119	**–**	–
Lease liabilities (Note 13)	**1,754**	2,174	**–**	–
Trade and other payables (Note 14)	**13,497**	27,525	**1,625**	1,723
Less: Cash and bank balances (Note 9)	**(6,314)**	(4,239)	**(36)**	(19)
Net debt	**21,354**	48,579	**1,589**	1,704
Total equity	**22,776**	20,432	**25,105**	25,187
Total capital	**44,130**	69,011	**26,694**	26,891
Net debt-to-adjusted capital ratio	**48%**	70%	**6%**	6%

SHAREHOLDING STATISTICS

SHARE CAPITAL INFORMATION

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

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

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 20 March 2023, approximately 21.17% of the issued Ordinary Shares of the Company is being held by the public and therefore, Rule 723 of Section B: Rules of Catalist of the SGX-ST Listing Manual (the "**Catalist Rules**") has been complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2023

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

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

SHAREHOLDING STATISTICS

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 20 MARCH 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	2,653	62.09	74,196	0.04
100 – 1,000	1,364	31.92	423,655	0.25
1,001 – 10,000	193	4.52	530,137	0.31
10,001 – 1,000,000	54	1.26	4,521,469	2.67
1,000,001 and above	9	0.21	164,132,087	96.73
Total	**4,273**	**100.00**	**169,681,544**	**100.00**

LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2023

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	11,011,561	6.49
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	3,014,284	1.78
7	SUN JIANWEI	2,500,000	1.47
8	YEO CHUN HEONG	2,256,900	1.33
9	DBS NOMINEES PTE LTD	1,040,635	0.61
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	264,806	0.16
14	LIAN YU HOLDINGS PTE LTD	250,000	0.15
15	CHONG KAR HUA	200,000	0.12
16	GOH BOON CHYE	200,000	0.12
17	GOH KIM HUAT VINCENT	200,000	0.12
18	LIM YING HUI	200,000	0.12
19	PRISCILLA TAN KIM HUA	200,000	0.12
20	TAN KOK SEONG	200,000	0.12
	Total:	**167,150,750**	**98.52**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held at Imagination Room, National Library, 100 Victoria Street, Singapore 188064 on Thursday, 27 April 2023 at 10:00 a.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Regulations 118 and 119 of the Company's Constitution.

   (a) Mr Lim Vhe Kai
   [See Explanatory Note 1] **(Resolution 2)**

   (b) Mr Goh Yeow Tin
   [See Explanatory Note 2] **(Resolution 3)**

3. To approve the Directors' fees of S$85,000 for the financial year ended 31 December 2022. (31 December 2021: S$85,000) **(Resolution 4)**

4. To re-appoint Messrs Foo Kon Tan LLP as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

5. **RENEWAL OF SHARE ISSUE MANDATE**

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

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

   (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

NOTICE OF ANNUAL GENERAL MEETING

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

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

(1) new Shares arising from the conversion or exercise of convertible securities,

(2) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(3) any subsequent bonus issue, consolidation or subdivision of Shares;

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

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Catalist Rules of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution of the Company for the time being; and

(iv) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier. **(Resolution 6)**

[See Explanatory Note 3]

ANY OTHER BUSINESS

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

BY ORDER OF THE BOARD

Pan Mi Keay
Company Secretary
12 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:–

1. Mr Lim Vhe Kai, upon re-election as a Director of the Company, will continue to serve as Executive Director and Chief Executive Officer of the Company. 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 2022.

2. Mr Goh Yeow Tin, upon re-election as a Director of the Company, will continue to serve as Non-Executive and Lead Independent Director, Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee and he is considered independent for the purposes of Rule 740(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 2022.

3. The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company from the date of this meeting until the date of the next AGM of the Company, or the date by which the next AGM is required by law to be held or when varied or revoked by the Company in the general meeting, whichever is the earlier, to allot and issue shares and/or convertible securities in the Company at any time. The number of shares and/or convertible securities that the Directors may allot and issue under this resolution shall not exceed 100% of the issued share capital (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, at the time the resolution is passed.

Notes:–

1. The AGM will be held physically with no option for shareholders to participate virtually. This Notice of AGM and the accompanying proxy form will be made available by electronic means via publication on the Company's website at the URL https://www.ktmg.sg/announcements, as well as on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Printed copies of this Notice and the accompanying proxy form will not be sent to members.

2. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask question relating to the items on the agenda of the AGM by:–

   - submitting question via mail to the Company's corporate office at 5 Harper Road #04-03 Singapore 369673 or email to ir@ktmg.sg in advance of the AGM latest by 19 April 2023 at 10.00 a.m.; or

   - "live Question and Answer" at the physical AGM.

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

   Shareholders are encouraged to submit their questions latest by 19 April 2023 at 10.00 a.m., as this will allow the Company sufficient time to address and respond to these questions on 21 April 2023 after trading hours (at least 48 hours prior to the closing date and time for the lodgment of the proxy form). The responses will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

3. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy to attend, speak and vote at the AGM, he shall specify in the form of proxy the proportion of the shareholding concerned to be represented by each proxy.

4. A member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number or the proportion of shareholdings in relation to which each proxy has been appointed shall be specified in the form of proxy.

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

5. A proxy need not be a Member of the Company.

6. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:

   (a) if sent personally or by post, must be left at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 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 10.00 a.m. on 24 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

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.

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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. The Annual General Meeting ("AGM") is being convened and will be held physically with no option for shareholders to participate virtually. This Notice of AGM and the accompanying proxy form will be made available by electronic means via publication on the Company's website at the URL https://www.ktmg.sg/announcements, as well as on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Printed copies of this Notice and the accompanying proxy form will not be sent to members.
2. This Proxy Form is not valid for use by CPF investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.
4. CPF/SRS investors who wish to appoint proxy(ies) should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.
6. Please read the notes overleaf which contain instructions.

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

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

and/or (delete as appropriate)

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

as my proxy/our proxies, to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Imagination Room, National Library, 100 Victoria Street, Singapore 188064 on Thursday, 27 April 2023 at 10:00 a.m. and at any adjournment thereof.

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

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

No.	**Ordinary Resolutions**	**For**	**Against**	**Abstain**
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Auditors' Report thereon.			
2.	To re-elect Mr Lim Vhe Kai, a Director retiring pursuant to Regulations 118 and 119 of the Company's Constitution.			
3.	To re-elect Mr Goh Yeow Tin, a Director retiring pursuant to Regulations 118 and 119 of the Company's Constitution.			
4.	To approve the Directors' fees of S$85,000 for the financial year ended 31 December 2022. (31 December 2021: S$85,000)			
5.	To re-appoint Foo Kon Tan LLP as auditors of the Company and to authorise the Directors to fix their remuneration.			
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967			

Dated this ________ day of ______________ 2023

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

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one proxy to attend, speak and vote at the AGM, he shall specify in the form of proxy the proportion of the shareholding concerned to be represented by each proxy.
3. A member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.
4. A proxy need not be a Member of the Company.
5. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
   (a) if sent personally or by post, must be left at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 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 10.00 a.m. on 24 April 2023.

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

Personal Data Protection:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Fold along this line

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