Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: KTMG Limited

Stock code: XCF

Meeting details:
Date: 30 April 2021
Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with greater clarity on the following operational and financial matters? Specifically:

(i) **Revenue:** As seen in Note 22 (page 89 – Operating segments), revenue from United States and United Kingdom (UK) dropped by 20% and 45% respectively. **Can management elaborate further on the reasons for the 45% drop in revenue from UK? Conversely, what was the reasons for the increase in revenue from the European Union?**

(ii) **Personal Protective Equipment (PPE):** Revenue of $3.4 million was recognised from customers in Malaysia. **Is the PPE contract from the Malaysian Ministry of Health on a cost-recovery basis (to help in the country's COVID-19 efforts) or is it secured on a for-profit commercial basis?**

(iii) **Textile production facility: Given the success of the textile production facility in Malaysia, are there plans to set up one in Cambodia? What is the estimated cost to set up a new textile production facility?**

(iv) **XCF: Is management satisfied with its achievements in its downstream expansion so far?** The group launched "XCF" in 2020, its first online-only direct-to-consumer brand.

Q2. On 5 April 2021, the company announced that 63 out of 429 production workers at the manufacturing factory in Batu Pahat were tested positive for COVID-19 following a company-wide test. The apparel manufacturing factory was shut for 10 days on the advice of the Ministry of Health of Malaysia.

The factory has reopened and resumed its operations on 12 April 2021 with all the workers allowed to return to the factory.

(i) **What support has the group/management given to the workers during this challenging time, especially for those who were tested positive?**

(ii) **What is the board/senior management doing to ensure that everybody in the organisation adheres to the COVID-19 guidelines and Standard Operating Procedures on a stringent basis?**

(iii) **Is there a need to further review the safe management measures at the group's factories?**

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(iv) In addition, Cambodia has seen a recent spike in the number of COVID-19 cases since 2021 and the government has issued a lockdown order of the nation capital city Phnom Penh as well as Kandal Province for a period of 14 days starting from 15 April 2021 to 28 April 2021 to curb the spread of the COVID-19 virus. **Please update shareholders on the situation in the group's two plants in Phnom Penh, including the safety measures taken to keep its employees safe.**

Q3. From the statements of financial position (page 50), the group has trade and other receivables amounting to $22.3 million. In addition, as shown in Note 8 (page 79 – Trade and other receivables), gross trade receivables increased from $14.6 million to $21.5 million.

(i) **What are the reasons for the significant increase in trade receivables?** Revenue declined 19% in FY2020 but trade receivables as at 31 December 2020 increased by nearly 50%.

(ii) **Has the group experienced slower collections of its receivables?** The aging profile of the trade receivables past due but not impaired is shown on page 91. There is a significant increase in the amounts past due of up to 2 months ($6.84 million vs $2.78 million).

(iii) Further on page 90, it was stated that the group has concentration of credit risk with 3 customers (2019 – 3 customers) accounting for approximately 87% (2019 – 87%) of the total trade receivables as at reporting date. **Can management confirm that the credit risk concentration has not changed even though the business has been so fluid in the past year? What are the profiles of the top 3 major customers?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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