KTL GLOBAL

DRIVING TRANSFORMATION

ANNUAL REPORT 2019

PIONEERING
THE FUTURE

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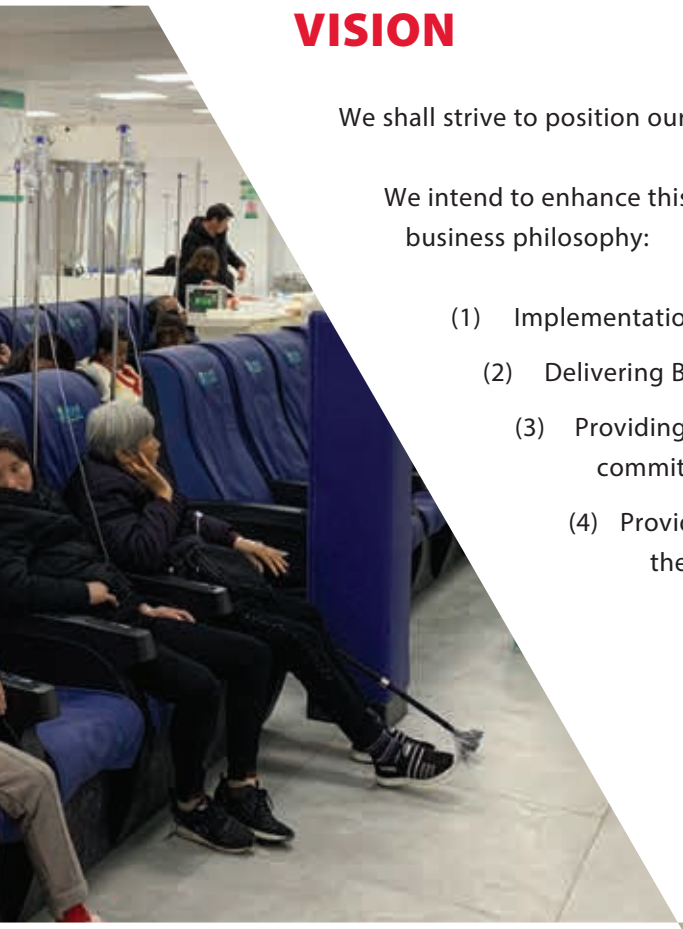
CORPORATE **PROFILE**

KTL Global Limited ("KTL", and together with its subsidiaries, the "Group") has undergone a transformation into Branding, Operation & Procurement ("BOP") Service Industry.



VISION

We shall strive to position ourselves as a leading service provider of BOP business.

We intend to enhance this position by delivering upon the following core principles of our business philosophy:

(1) Implementation of "win-win" strategies with our cooperative partners.

(2) Delivering BOP services in specialised and innovative industries.

(3) Providing high quality services to our customers with excellent execution, commitment and professionalism.

(4) Providing a total solutions concept for demanding problems faced by the market through innovation, commitment and professionalism.

CHAIRMAN'S **MESSAGE**

Dear Shareholders,

The Group has experienced a challenging FY2019, which is a significant financial year as it marked the year of transition in its major business from trading of rigging equipment and other related businesses to branding, operation and procurement ("**BOP**") services. The disposal of the loss-making business, namely the trading of rigging equipment and other related businesses (the "**Disposal**") was approved by independent shareholders on 21 January 2020. Currently, the Group had entered into a total of six (6) BOP service agreements with operators and the first agreement was signed and commenced in May 2019. Upon the signing of the service agreements, the Group started to generate satisfactory revenue and profit during the contract period.

In respect of the BOP service business of the Group, revenue was generated from the provision of BOP services to the operators, who are also our customers in the People's Republic of China ("**PRC**") secured and assigned by the cooperation partner Shenzhen Green Leopard Medical Technology Co., Ltd.. Our cooperation partner manufactures smart automatic vending kiosks ("**AVK**") for the sales and dispense of medical consumables and supplements. The Group provided the BOP services including (i) branding management; (ii) operational support; (iii) central procurement; and (iv) recruitment, customised training and development of human resource to the downstream operators that supply to hospitals, clinics and pharmacies in different provinces of the PRC with smart automatic vending kiosks dispensing medical consumables and supplements.

Looking forward, the Group will continue to provide the BOP services in the AVK sector of the PRC "under one roof", which offers our customers a full suite of an integrated solution to their business needs, and confers them with branding and marketing abilities for rapid penetration, public relation service for expanding network, central procurement platform for cost-savings, liaison channels with relevant local authorities for business development, as well as know-how and skills for improving overall operating efficiency. The Group intends to leverage on the network of business relationships and the expertise outside the existing AVK sector as and when such opportunity arises. This could help the Group to capitalise on growth opportunities in the years ahead.

APPRECIATION

Numerous changes to the Board took place in FY2019. I would like to thank my past colleagues on the Board who resigned or retired as Directors of the Company during FY2019, in particular Mr. Wong Fook Choy Sunny, for their past contributions to the Board.

During FY2019, we also welcomed Chong Eng Wee to the Board. We also welcomed Tso Sze Wai to the Board in June 2020.

I would like to thank my fellow board members, the management personnel and all staff members for their diligence and contribution in the past year. I would also like to take this opportunity to express my sincere gratitude to our loyal shareholders, business partners and customers for their valuable support. We will continue to strive our best to expand our growing business and reap higher returns for our shareholders.

KENNY LIM
Non-Executive Chairman

FINANCIAL AND OPERATIONS **REVIEW**

THE YEAR IN REVIEW

The Group has marked the year of transition in its major business from trading of rigging equipment and other related businesses to provision of BOP services business. During the financial year ended 31 December 2019 ("**FY2019**"), the Group entered into a total of six (6) BOP service agreements with operators and started to generate revenue and profit.

FINANCIAL AND OPERATIONS **REVIEW**

FINANCIAL HIGHLIGHTS

The Group's revenue from continuing operation in FY2019 ("**12 months**") decreased 74.5% to S$13.7 million from S$53.8 million in the previous period ("**18 months**"), mainly because the revenue generated from trading of rigging equipment and related businesses of FY2019 has been classified as discontinued operations. Gross profit margin for the year increased to 91.4% from 13.9% as gross profit margin from provision of BOP services is higher than the previous trading of rigging equipment and other related businesses classified under discontinued operations.

Other operating income from continuing operations for FY2019 decreased 96.9% to approximately S$74,000. Operating expenses from continuing operations, which comprised administration expenses as well as sales and marketing costs, amounted to S$1.8 million, a decrease of S$17.6 million, as compared to S$19.4 million in FY2018. The decrease of other operating income and operating expense from continuing operations is mainly due to the classification of trading of rigging equipment and related businesses to discontinued operations in FY2019. Finance costs decreased to approximately S$8,000 from S$2.5 million in FY2018, mainly due to no bank borrowings incurred for the continuing operation of BOP service business.

Net loss attributable to equity holders of the Company of S$1.2 million was due to loss from discontinued operations of S$3.5 million. Profit from continuing operations attributable to equity holders of the Company amounted to S$2.3 million was generated from the Group's new BOP services business.

CASH FLOW

The Group's positive operating cash flow was approximately S$1.6 million in the year under review. This was mainly due to profit before tax of S$7.4 million.

Net cash from investing activities decreased to S$0.4 million from S$1.5 million in the previous period. This was due to purchase of property, plant and equipment of S$1.5 million in FY2019.

Net cash used in financing activities amounted to S$4.3 million in FY2019, compared with net cash from financing activities of S$2.2 million in previous period, was mainly due to decrease in loans from controlling shareholders of S$6.8 million.

The Group ended the year with S$0.1 million in cash and cash equivalents.

BALANCE SHEET

The Group's negative equity attributable to equity holders of the Company came to S$18.1 million, compared to S$17.2 million as at 31 December 2018 mainly due to loss from discontinued operations during the year.

BOARD OF DIRECTORS

KENNY LIM

NON-EXECUTIVE CHAIRMAN AND LEAD INDEPENDENT DIRECTOR

Mr Lim was appointed to the Board as the Lead Independent Director on 31 October 2007 and redesignated as Non-Executive Chairman on 28 December 2018. He was the Founder and a Director of Asia Pacific Business Consultants Pte. Ltd., which has been amalgamated into In.Corp Global Pte. Ltd. Mr Lim also sits as Independent Director on the boards of a number of companies listed on the Singapore Exchange and has over 25 years of experience in the tax, financial services and investment banking industries. Mr Lim holds a Bachelor of Accountancy and a Master of Business Administration from the National University of Singapore. He is a an Accredited Tax Advisor of the Singapore Institute of Accredited Tax Professionals, a fellow member of the Institute of Singapore Chartered Accountants and a full member of the Singapore Institute of Directors.

JONATHAN TAN

NON-EXECUTIVE DIRECTOR

Mr Tan was appointed to the Board as Chief Executive Officer on 2 November 2017 and re-designated as Non-Executive Director on 31 January 2020. He is responsible for executing the Group's strategies and budgets in ways designed to ensure profitability. He joined the Group in 2003 after obtaining a Graduate Diploma in Finance Management from the Singapore Institute of Management. He earned a Bachelor of Business (with a double major in Marketing and Economics) from Edith Cowan University in Australia in 2001.

VICTOR LIU

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr Liu was appointed to the Board as Executive Director on 10 December 2018 and re-designated as Chief Executive Officer on 31 January 2020. Mr Liu is currently the non-independent and non-executivce director of GS Holdings Limited and Non-executive Chairman of Metech International Limited which are listed on the Catalist Board of Singapore Exchange, and also presently sits on the board of a number of companies in various industries in Singapore, Hong Kong and the People's Republic of China.

Prior to joining our Group, he co-founded eCapital (China) Finance Leasing Company Limited in 2015 and also founded GuoRong China Finance Bank (Beijing) Asset Management Company Limited to serve companies for their public listing, mergers and acquisitions activities. Between 2011 to 2015, he was Deputy Head at China Construction Bank Henan Branch responsible for its entire personal and corporate banking businesses. Mr Liu Changsheng graduated from Luoyang Institute of Technology in 2000 with a Diploma in International Trade and obtained professional certificates in private equity fund awarded by Asset Management Association of China (AMAC).

TSO SZE WAI

INDEPENDENT DIRECTOR

Mr Tso Sze Wai was appointed to the Board as Independent Director on 9 June 2020 and currently sits on the Group's audit committee, remuneration committee, nominating committee and performance share scheme committee. Mr. Tso holds a bachelor degree in Commerce awarded by University of New South Wales, Australia and a postgraduate diploma in Computing in the University of Western Sydney, Australia. He is a member of the Hong Kong Institute of Certified Public Accountants. He has over 15 years of experience in accounting and finance.

CHONG ENG WEE

INDEPENDENT DIRECTOR

Mr Chong was appointed as Independent & Non Executive Director ("**INED**") on 1 August 2019 and currently serves as Chairman of its nominating and remuneration committees, and member of its audit committee and performance share scheme committee.

He is qualified to practice law in Singapore, Hong Kong, New South Wales, Australia, and New Zealand, and heads the corporate team at Kennedys Legal Solutions. He has advised on a wide range of corporate, capital markets, mergers and acquisitions, and private equity transactions including IPO, pre-IPO investments, dual listings, reverse takeovers, public takeovers, de-listings, rights and warrants issues, placement, local and cross border acquisitions and disposals of shares and assets, downstream investment and compliance by private equity funds, corporate restructuring and corporate actions by listed companies. He has advised on cross-border transactions with PRC elements, and frequently advises listed companies on their regulatory compliance and corporate governance matters.

He is currently also the Lead INED at 2 SGX-ST listed companies, Heatec Jietong Holdings Limited and GS Holdings Limited, and the company secretary for Hong Kong ("**HK**") listed China Vanadium Titano-Magnetite Mining Company Limited and LHN Limited (dual listed on SGX-ST and HK Stock Exchange). He has been ranked as one of Singapore's Top 40 Most Influential Lawyers aged under 40 by Singapore Business Review in 2015.

FINANCIAL **HIGHLIGHTS**

	FY2017	FY2018	FY2019
KEY FINANCIAL RATIOS			
Loss Per Share (S¢)	(12.30)	(7.54)	(0.40)
Net Asset Value Per Share (S¢)	0.03	(5.42)	(5.04)
STATEMENT OF PROFIT OR LOSS (S$ MILLION)			
Revenue	30.9	53.8	13.7
Gross profit/(loss)	(0.9)	7.5	12.5
Net attributable (loss)/profit	(29.6)	(19.6)	5.2
STATEMENT OF FINANCIAL POSITION (S$ MILLION)			
Non-current assets	21.7	16.8	0.08
Current assets	30.4	23.6	48.4
Non-current liabilities	8.5	3.6	0.05
Current liabilities	43.5	53.9	64.4
Shareholders' equity attributable to owners of the Company	0.1	(17.1)	(15.9)

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

LIM YEOW HUA @ LIM YOU QIN (KENNY LIM)
Non-Executive Chairman and Lead Independent Director

TAN KHENG KUAN (JONATHAN TAN) *Non-Executive Director*

LIU CHANGSHENG (VICTOR LIU) *Chief Executive Officer*

CHONG ENG WEE *Independent Director*

TSO SZE WAI *Independent Director*

AUDIT COMMITTEE

KENNY LIM *(Chairman)*
CHONG ENG WEE
TAN KHENG KUAN
TSO SZE WAI

REMUNERATION COMMITTEE

CHONG ENG WEE *(Chairman)*
KENNY LIM
TAN KHENG KUAN
TSO SZE WAI

NOMINATING COMMITTEE

CHONG ENG WEE *(Chairman)*
KENNY LIM
TAN KHENG KUAN
TSO SZE WAI

COMPANY SECRETARY

ONG BENG HONG

REGISTERED OFFICE

3 Church Street
Samsung Hub, Level 8
Singapore 049483
Telephone : (65) 6408 3720
Facsimile : (65) 6408 0101
Website : www.ktl.group

SHARE REGISTRAR

Tricor Barbinder
Share Registration Services
(A division of Tricor
Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

RT LLP
1 Raffles Place
#17-02 One Raffles Place
Singapore 048616

Partner-in-charge: Ravinthran Arumugam
(since financial year ended
31 December 2019)

PRINCIPAL BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking
Corporation Limited

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CORPORATE GOVERNANCE **REPORT**

KTL Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders' interests. This also helps the Company to create long-term value and returns for its shareholders.

The Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") requires all listed companies to describe in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance 2018 (the "**Code**") issued by the Ministry of Finance in August 2018.

The Company is pleased to report on its corporate governance processes and activities as required by the Code. For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

Statement of Compliance

The Board of Directors of the Company (the "**Board**") confirms that for the financial year ended 31 December 2019 ("**FY2019**"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

1. THE BOARD'S CONDUCT OF ITS 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 comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Lim Yeow Hua @ Lim You Qin ("**Kenny Lim**")	Non-Executive Chairman and Lead Independent Director
Tan Kheng Kuan	Non-Executive Director
Liu Changsheng	Executive Director and Chief Executive Officer
Chong Eng Wee	Independent Director
Tso Sze Wai	Independent Director

The Directors are fiduciaries who act objectively in the best interests of the Company and hold Management accountable for performance. The Board has in place a code of conduct and ethics, sets appropriate tone from the top and desired organisational culture and ensures proper accountability within the Company. Any Director who faces conflicts of interest is required to recuse himself from discussions and decisions involving the issues of conflict.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, are as follows:

- providing entrepreneurial leadership, overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, corporate strategy and objectives as well as business plans;
- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;
- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;

CORPORATE GOVERNANCE **REPORT**

- constructively challenging and reviewing the Management's performance;
- setting the Group's values and standards and ensuring that obligations to shareholders and other stakeholders are understood and met;
- assuming the responsibilities of corporate governance; and
- ensuring transparency and accountability to key stakeholder groups.

All directors exercise due diligence and independent judgment and are obliged to act in good faith and consider at all times the interests of the Company.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and full-year results and interested person transactions of a material nature.

Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices. Newly appointed directors will receive a formal letter explaining their duties and responsibilities and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. All directors who have no prior experience as directors of a listed company will undergo training and/or briefing on the roles and responsibilities as directors of a listed company. This applied to the newly-appointed directors during FY2019 (to the extent applicable).

The directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors update the directors on the new or revised financial reporting standards on an annual basis.

To assist in the execution of its responsibilities, the Board has established four Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**"), a Remuneration Committee (the "**RC**") and a Performance Share Scheme Committee (the "**PSSC**"). These committees function within clearly defined written terms of reference and operating procedures.

The Board meets regularly on a quarterly basis and ad hoc Board meetings are convened when they are deemed necessary. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing.

The number of Board and Board Committee meetings held in FY2019 is set out below:

		Board Committees			
	Board	**AC**	**NC**	**RC**	**PSSC**
Number of meetings held	4	4	1	1	–
	Number of meetings attended				
Tan Kheng Kuan[2]	4	4[1]	1[1]	1[1]	–
Kenny Lim	4	4	1	1	–
Wong Fook Choy Sunny ("**Mr Sunny Wong**")[3]	1	1	1	1	–
Liu Changsheng[4]	4	4[1]	1[1]	1[1]	–
Chong Eng Wee[5]	2	2	–	–	–
Tso Sze Wai[6]	–	–	–	–	–

CORPORATE GOVERNANCE **REPORT**

Notes:

(1) Attendance by invitation.

(2) Mr Tan Kheng Kuan was redesignated as Non-Executive Director of the Company on 31 January 2020. The announcement relating to his redesignation as Non-Executive Director of the Company was released via SGXNET on 31 January 2020.

(3) Mr Sunny Wong resigned as Independent Director of the Company on 28 June 2019. The announcement relating to his cessation as Independent Director of the Company was released via SGXNET on 28 June 2019.

(4) Mr Liu Changsheng was redesignated as Executive Director and Chief Executive Officer of the Company on 31 January 2020. The announcement relating to his redesignation as Executive Director and Chief Executive Officer of the Company was released via SGXNET on 31 January 2020.

(5) Mr Chong Eng Wee was appointed as an Independent Director of the Company on 1 August 2019. The announcement relating to Mr Chong Eng Wee's appointment was released via SGXNET on 31 July 2019.

(6) Mr Tso Sze Wai was appointed as an Independent Director of the Company on 9 June 2020. The announcement relating to Mr Tso Sze Wai's appointment was released via SGXNET on 9 June 2020.

The Constitution of the Company provide for meetings of the Board to be held by way of telephonic conference.

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. As and when necessary, the directors are furnished with updates on the financial position and any material developments concerning the Group to support their decision-making process. Upon request, the Management will provide any additional information needed for the directors to make informed decisions.

Prior to each Board meeting, the members of the Board are each provided with the relevant documents and information necessary for them to comprehensively understand the issues to be deliberated upon and make informed decisions thereon.

As a general rule, notices are sent to the directors one week in advance of Board meetings, followed by the Board papers, in order for the directors to be adequately prepared for the meetings.

The Board (whether individually or as whole) has separate and independent access to the Management and the Company Secretary at all times, and may seek independent professional advice, if necessary, at the expense of the Company. The Company Secretary attends all Board and Board Committee meetings and ensures that all Board procedures are followed. Where the Company Secretary is unable to attend any Board or Board Committee meeting, she ensures that a suitable replacement is in attendance and that proper minutes of the same are taken and kept. The Company Secretary also ensures that the Company complies with the requirements of the Companies Act, Chapter 50 of Singapore, and the SGX-ST Listing Manual. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

2. 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 interest of the company.

As at the date of this Annual Report, the Board comprises five directors, of whom three are independent, namely, Mr Kenny Lim, Mr Chong Eng Wee and Mr Tso Sze Wai. There is a strong independent element on the Board, with independent directors constituting at least half of the Board. This enables the Board to exercise independent judgment on corporate affairs and provide the Management with a diverse and objective perspective on issues. It also allows the Board to interact and work with the Management through a constructive exchange of ideas and views to shape the strategic process.

CORPORATE GOVERNANCE **REPORT**

The independence of each director is 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 as set out in the Code. The Board considers an "independent" director to be one who is independent in conduct, character and judgment, 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 director's independent business judgment in the best interests of the Company. The NC and the Board are of the view that all its independent non-executive directors have satisfied the criteria of independence as a result of its review.

Provision 2.3 of the Code states that non-executive directors should make up a majority of the Board to avoid undue influence of Management over the Board and ensure that appropriate checks and balances are in place. The Board consists of a majority of non-executive directors.

The NC and the Board will determine annually whether a director who has served on the Board beyond nine years from the date of his first appointment, is independent, taking into account the need for progressive refreshing of the Board. The Board observes that Mr Kenny Lim, an Independent Director who has served on the Board for more than nine years, has been exercising independent judgement in the best interests of the Company in the discharge of his duties and should continue to be deemed independent. The Board recognises that he has developed insights into the Group's business and operations over the years and is therefore able to provide invaluable contributions to the Board. It is also noted that he is able to exercise objective judgement on commercial and corporate governance matters independently. After due consideration and careful assessment, the NC and the Board are of the view that Mr Kenny Lim continues to be considered independent, notwithstanding that he has served on the Board for more than nine years. Notwithstanding this, in order to facilitate a progressive renewal of the Board and Board Committees, Mr Kenny Lim has decided and indicated to the Board that he will not be seeking re-election as a director at the forthcoming AGM.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group provides an appropriate balance and diversity of skills, experience and knowledge of the Company, with core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the directors who collectively possess the core competencies relevant to the direction and growth of the Group.

The Board and NC recognises the importance of having an effective and diverse Board, taking into consideration the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. In reviewing the appointments of new Directors, the Board, together with the NC ensures that it sets relevant objectives to promote and achieve diversity on the Board. In discharging its duties, the Board and the NC shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of the Company. The main objective is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company. The Board and the NC will also as far as possible, take into consideration female representation.

Where necessary or appropriate, the non-executive directors on the Board will meet without the presence of the Management. The non-executive directors communicate regularly to discuss matters related to the Group, including the performance of the Management.

The profiles of our directors are set out on page 7 of this Annual Report.

CORPORATE GOVERNANCE **REPORT**

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

As at the date of this Annual Report, Mr Kenny Lim is the Non-Executive Chairman and Lead Independent Director of the Company and Mr Liu Changsheng is the Chief Executive Officer ("**CEO**") of the Company.

The separation of the roles of the Chairman and CEO ensures an appropriate balance of power, increased accountability and greater capacity to the Board for independent decision-making. The Chairman is not related to the CEO.

The overall role of the Chairman is to lead and ensure the effectiveness of the Board. This includes:

- promoting a culture of openness and debate at the Board;
- facilitating the effective contribution of all directors; and
- promoting high standards of corporate governance.

Externally, the Chairman is the face of the Board, and ensures effective communication with shareholders and other stakeholders.

In view of the above, the Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by an Independent Director.

The Board collectively ensures the following:

- in consultation with the Management, the scheduling of meetings to enable the Board to perform its duties responsibly, while not interfering with the flow of the Company's operations;
- in consultation with the Management, the preparation of the agenda for Board meetings;
- in consultation with the Management, the exercise of control over the quality, quantity and timeliness of information between the Management and the Board and the facilitation of effective contribution from the non-executive directors;
- effective communication with shareholders and compliance with corporate governance best practices; and
- compliance with the Company's guidelines on corporate governance.

As mentioned above, Mr Kenny Lim, as Lead Independent Director, is the contact person for shareholders in situations where there are concerns or issues that communication with the CEO has failed to resolve or where such communication is inappropriate. Led by the Lead Independent Director, the Independent Directors meet without the presence of the other directors, when deemed necessary and at least once a year.

CORPORATE GOVERNANCE **REPORT**

4. 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 is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the director seeking re-election.

The NC currently comprises Mr Chong Eng Wee, Mr Tan Kheng Kuan, Mr Kenny Lim and Mr Tso Sze Wai. The Chairman of the NC is Mr Chong Eng Wee, who is an independent director. The Chairman of the NC is not, and is not directly associated with, any substantial shareholder of the Company.

The written terms of reference of the NC have been approved and adopted, and they include the following:

- making recommendations to the Board on relevant matters relating to the review of board succession plans for directors, in particular, the Chairman and for the CEO (or equivalent), the development of a process for evaluation of the performance of the Board, its Board Committees and directors, and the review of training and professional development programmes for the Board;

- making recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable), taking into consideration the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (such as attendance, preparedness, participation and candor);

- ensuring that all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;

- determining annually, and as and when circumstances require, whether a director (including an alternate director) is independent, bearing in mind Principle 2.1 of the Code and any other salient factors;

- deciding if a director is able to and has been adequately carrying out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments; and

- assessing the effectiveness of the Board as a whole and its Board Committees and the contribution by the Chairman and each individual director to the effectiveness of the Board.

The NC determines annually whether a director is independent, taking into consideration the checklist completed by each independent director to confirm his independence. Such checklist is drawn up based on the guidelines provided in the Code. Having made its review, the NC is of the view that Mr Kenny Lim, Mr Chong Eng Wee and Mr Tso Sze Wai have satisfied the criteria for independence.

The Company does not have a formal process for the selection and appointment of new directors to the Board. When the need for a new director arises, or where it is considered that the Board would benefit from the services of a new director with particular skills or to replace a retiring director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates.

CORPORATE GOVERNANCE **REPORT**

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed director and conducting appropriate interviews, recommended the appointment to the Board. Newly appointed directors will receive a formal letter explaining their duties and responsibilities and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. All directors who have no prior experience as directors of a listed company will undergo training and/or briefing on the roles and responsibilities as directors of a listed company.

Pursuant to the Constitution of the Company, one-third of the directors shall retire from office at the Company's annual general meeting and each director is required to retire at least once every three years by rotation. All newly appointed directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring directors are eligible to offer themselves for re-election.

The dates of initial appointment and last re-election of the directors, together with their directorships in other listed companies, are set out below:–

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Tan Kheng Kuan	Non-Executive Director	2 November 2017	12 June 2019	–	–
Kenny Lim	Non-Executive Chairman and Lead Independent Director	31 October 2007	12 June 2019	KSH Holdings Limited Oxley Holdings Limited Accrelist Ltd. NauticAWT Limited	Advanced Integrated Manufacturing Corp Ltd. China Minzhong Food Corporation Limited Eratat Lifestyle Limited (in liquidation) Yingli International Real Estate Limited
Liu Changsheng	Executive Director	10 December 2018	12 June 2019	GS Holdings Limited Metech International Limited Raffles Financial Group Limited	–
Chong Eng Wee	Independent Director	1 August 2019	–	Heatec Jietong Holdings Limited GS Holdings Limited	CW Group Holdings Limited Innopac Holdings Limited
Tso Sze Wai	Independent Director	9 June 2020	–	China Jicheng Holdings Limited	Hua Han Health Industry Holdings Limited

The Directors standing for re-election at the forthcoming annual general meeting pursuant to Article 104 of the Company's Constitution are Mr Kenny Lim and Mr Tan Kheng Kuan. Mr Tan Kheng Kuan and Mr Kenny Lim have indicated to the Board that they will not be seeking re-election at the forthcoming annual general meeting. Accordingly, Mr Tan Kheng Kuan and Mr Kenny Lim will cease to be Directors of the Company on the close of the forthcoming annual general meeting.

Additionally, Mr Chong Eng Wee and Mr Tso Sze Wai were appointed on 1 August 2019 and 9 June 2020 respectively. As such, they shall be required pursuant to Article 114 of the Company's Constitution to retire at the Company's forthcoming annual general meeting. After assessing their contributions and performance, the NC has also recommended the election of Mr Chong Eng Wee and Mr Tso Sze Wai at the forthcoming annual general meeting.

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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 NC is satisfied that sufficient time and attention has been given by the directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The Board is of the view that there is no necessity at this point in time to determine the maximum number of listed company board representations which a director may hold, as each director is able to devote sufficient time and attention to the affairs of the Company. None of the directors hold more than six directorships in listed companies concurrently.

Key information regarding the directors, including their shareholdings in the Company, is set out on pages 31 and 32 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company.

5. 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 Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of the Chairman, each individual director to the effectiveness of the Board and each of its Board Committees. The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance. The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes. To assess the contribution of each Board Committee, the factors evaluated by the NC are adapted from and in line with the terms of reference of the various Board Committees.

The evaluation of individual directors aims to assess whether each director continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, and any other duties. The Non-Executive Chairman will be briefed on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of directors, in consultation with the NC.

CORPORATE GOVERNANCE **REPORT**

6. REMUNERATION MATTERS

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 makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each director.

The RC currently comprises Mr Chong Eng Wee, Mr Tan Kheng Kuan, Mr Kenny Lim and Mr Tso Sze Wai, all of whom are Non-Executive Directors. The Chairman of the RC is Mr Chong Eng Wee, who is an independent director.

The written terms of reference of the RC have been approved and adopted, and they include the following:

- reviewing and recommending for endorsement by the entire Board a general framework of remuneration for the directors and key management personnel;
- reviewing and recommending for endorsement by the entire Board the specific remuneration packages for each director as well as for the key management personnel that covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind;
- if necessary, seeking expert advice inside and/or outside the Company on remuneration of all directors, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- reviewing and recommending to the Board the terms of renewal of the service contracts of directors;
- reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and
- reviewing whether executive directors and key management personnel should be eligible for benefits under long-term incentive schemes and evaluate the costs and benefits of long-term incentive schemes.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to advice regarding executive compensation matters, if required.

The RC's recommendations will be submitted for endorsement by the Board. No director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE **REPORT**

7. LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and 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 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 and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the executive directors and key management personnel with those of shareholders and link rewards to corporate and individual performance.

The independent directors and non-executive director receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. The independent directors are not over-compensated to the extent that their independence may be compromised. Remuneration for the executive directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Company has entered into a fixed-term service agreement with Mr Liu Changsheng. Either party may terminate the service agreement at any time by giving the other party not less than three months' notice in writing, or in lieu of notice, payment of an amount equivalent to three months' salary respectively based on his last drawn monthly salary. The RC is of the view that it is currently not necessary to have contractual provisions to allow the Company to reclaim incentive components of remuneration from the executive directors and key management personnel in exceptional circumstances of misstatements of financial statements, or of misconduct resulting in financial loss to the Company.

The Company recognises the importance of motivating each employee and in this regard, the KTL Performance Share Scheme (the "**Scheme**") was approved at the extraordinary general meeting ("**EGM**") on 23 October 2009 and renewed at the annual general meeting held on 28 June 2019. Details on the Scheme are set out in the letter to shareholders dated 12 June 2019 issued by the Company. The Scheme is administered by the PSSC. Mr Chong Eng Wee and Mr Tso Sze Wai are members of the PSSC.

8. DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board is of the view that full disclosure of the specific remuneration of each individual director and key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

CORPORATE GOVERNANCE **REPORT**

The level and mix of remuneration paid or payable to the directors and executive officers for FY2019 are set out as follows:–

Remuneration bands	Salary & CPF %	Bonus & CPF %	Director's Fee[1] %	Other Benefits %	Total %
$300,000 to less than $400,000					
Tan Kheng Kuan[2]	100.0	–	–	–	100.0
Less than $300,000					
Liu ChangSheng[3]	100.0	–	–	–	100.0
Zhao Chengcheng[4]	–	–	–	–	–
Kenny Lim	–	–	100.0	–	100.0
Sunny Wong[5]	–	–	100.0	–	100.0
Chong Eng Wee[6]	–	–	100.0	–	100.0
Tso Sze Wai[7]	–	–	–	–	–
Key Management Personnel					
$150,000 to less than $250,000					
Ng Kok Peng[8]	100.0	–	–	–	100.0
Less than $150,000					
Tan Suan Suan[9]	100.0	–	–	–	100.0
Lim Kor Hin[9]	100.0	–	–	–	100.0
Tan Kheng Kuan[2]	100.0	–	–	–	100.0

Notes:

(1) Director's fees are subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

(2) Mr Tan Kheng Kuan was redesignated as a Non-Executive Director on 31 January 2020. Prior to his redesignation as Non-Executive Director, Mr Tan Kheng Kuan was appointed as CEO and Director of the Company on 2 November 2017.

(3) Mr Liu Changsheng was redesignated as an Executive Director and CEO on 31 January 2020. Prior to his redesignation as Executive Director and CEO, Mr Liu Changsheng was appointed as Executive Director of the Company on 10 December 2018.

(4) Ms Zhao Chengcheng resigned as an Independent Director on 18 January 2019.

(5) Mr Sunny Wong resigned as an Independent Director on 28 June 2019.

(6) Mr Chong Eng Wee was appointed as an Independent Director on 1 August 2019.

(7) Mr Tso Sze Wai was appointed as an Independent Director on 9 June 2020.

(8) Mr Ng Kok Peng resigned as Chief Financial Officer and Company Secretary on 31 January 2020.

(9) Ms Tan Suan Suan is a sibling of Mr Tan Kheng Kuan. Mdm Lim Kor Hin is the wife of Mr Tan Kheng Kuan. Pursuant to completion of the disposal of KTL Offshore Pte. Ltd. and KTL Investment Pte. Ltd. on 22 January 2020, they have ceased to be employees of the Group.

CORPORATE GOVERNANCE **REPORT**

Save as disclosed in Note (9) above, there were no employees of the Company or its subsidiaries who were immediate family members of any director or the CEO and whose remuneration exceeded S$50,000 during FY2019.

The aggregate remuneration paid to the top four key management personnel of the Group in FY2019 amounted to S$483,000.

The Company had adopted the KTL Performance Share Scheme (the "**Scheme**") on 23 October 2009, and renewed the Scheme at its annual general meeting held on 28 June 2019. The Scheme is administered by the PSSC. Under the Scheme, awards of fully-paid ordinary shares in the capital of the Company in the form of existing shares held as treasury shares and/or new shares will be delivered free of charge, to selected employees of the Group and other selected participants. The aggregate number of shares which may be delivered under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares and any subsidiary holdings) of the Company from time to time. Further details on the Scheme are set out in the letter to shareholders dated 12 June 2019 issued by the Company.

During FY2019, no awards were granted under the Scheme.

As at the end of FY2019, awards have been granted under the Scheme as follows:–

Name of participant	Number of shares comprised in awards during FY2019 (including terms)	Aggregate number of shares comprised in awards from commencement of Scheme to end of FY2019	Number of shares comprised in awards which have been issued and/or transferred since commencement of Scheme to end of FY2019	Number of shares comprised in awards not vested as at end of FY2019
Director				
Mark Beretta	–	2,832,903	2,832,903	–

As at the end of FY2019, no awards of shares have been granted under the Scheme to controlling shareholders or their associates and no participants have received shares which in aggregate represent 5% or more of the total number of shares available under the Scheme.

9. 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 acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE **REPORT**

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems and reviews the adequacy and effectiveness of such systems at least annually.

The external and internal auditors conduct annual reviews of the adequacy and effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the CEO and Financial Controller of the Company (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the assurance referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is of the opinion that the internal controls of the Group, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2019.

10. AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC").

The AC comprises Mr Kenny Lim, Mr Chong Eng Wee, Mr Tan Kheng Kuan and Mr Tso Sze Wai, all of whom are Non-Executive Directors. The Chairman of the AC is Mr Kenny Lim. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions.

The written terms of reference of the AC have been approved and adopted, and they include the following:

- reviewing the audit plans of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls;

- reviewing the annual consolidated financial statements and the external auditors' report on those financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of the Management, where necessary, before submission to the Board for approval. Where the external auditors, in their review or audit of the company's year-end financial statements, raise any significant issues (e.g. significant adjustments) which have a material impact on the interim financial statements or financial updates previously announced by the company, the AC should bring this to the Board's attention immediately. The AC should also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates;

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- reviewing the periodic consolidated financial statements comprising the profit and loss statements and the balance sheets and any such other information required by the SGX-ST Listing Manual, before submission to the Board for approval;
- reviewing and discussing with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;
- reviewing the co-operation given by the Management to the external auditors;
- reviewing the independence of the external auditors annually and stating (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the Company's annual report;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors (taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**")), and approving the remuneration and terms of engagement of the external auditors;
- ensuring that the internal audit function is adequately resourced and has appropriate standing within the Group, and reviewing the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function at least annually;
- reviewing and/or ratifying any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management (such review may be carried out internally or with the assistance of any competent third parties);
- reviewing the procedures by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated (e.g. through a whistle-blowing channel), and for appropriate follow-up action to be taken;
- reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems;
- reviewing the assurance from the CEO and Financial Controller on the financial records and financial statements;
- reviewing any potential conflicts of interest;
- approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- reviewing the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditors, and where the external auditors also supply a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to maintain objectivity;

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- approving internal control procedures and arrangements for all interested person transactions;
- reviewing and recommending hedging policies and instruments, if any, to be implemented by the Company to the Board; and
- undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any director, executive officer or other employee of the Group to attend its meetings and is given reasonable resources to enable it to discharge its functions properly and effectively.

The AC meets with the external auditors, and with the internal auditors, without the presence of the Management, at least annually.

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences.

The fees paid by the Company to the external auditors in FY2019 for audit services amounted to $45,000. There were no fees paid by the Company to the external auditors in FY2019 for non-audit services. The AC, having undertaken a review of all non-audit services provided by the external auditors, is of the opinion that such services would not affect the independence of the external auditors.

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its external auditors.

Rule 719(3) of the SGX-ST Listing Manual provides that the company must establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. In this regard, the Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Group's assets. 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 AC approves the appointment of the internal auditors. The internal auditors report directly to the Chairman of the AC and administratively to the CEO. The internal auditor has full access to the Company's documents, records, properties and personnel. The AC is satisfied that the internal audit firm is staffed by suitably qualified and experienced persons.

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 The Committee of Sponsoring Organizations of the Treadway Commission framework.

The AC is satisfied with the adequacy and effectiveness of the Company's internal audit function and is of the view that the Company's internal audit function is independent, effective and adequately resourced.

The Group has implemented a whistle-blowing policy. The policy aims to provide an avenue for employees to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Cases that are significant are reviewed by the AC for adequacy of investigation actions and resolutions. Contact details of the AC have been made available to all employees.

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11. SHAREHOLDER RIGHTS

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.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable.

All shareholders of the Company receive the Annual Report and the notice of the annual general meeting. The notice will also be advertised in a local newspaper and made available on SGXNet. The Company encourages shareholders' participation at annual general meetings. The Constitution of the Company currently allows a shareholder of the Company to appoint up to two proxies to attend and vote at general meetings in place of the shareholder, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

The Company encourages shareholders' participation during the general meetings. Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters during the general meetings. Resolutions are passed through a process of voting and shareholders are entitled to vote in accordance with established voting rules and procedures.

All shareholders are given the opportunity to voice their views and to direct queries regarding the Group to directors, including the chairperson of each of the Board Committees. All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors 'report. The attendance of the Directors of the Company at the Company's general meeting(s) held during FY2019 are reflected in the table below:

Name of Director	General Meetings
Number of meetings held:	1
Number of meetings attended:	
Mr Kenny Lim	1
Mr Liu Changsheng	1
Mr Tan Kheng Kuan	1
Mr Chong Eng Wee(1)	0
Mr Tso Sze Wai(2)	0

Notes:

(1) The annual general meeting of the Company was held on 28 June 2019, and Mr Chong Eng Wee was only appointed as an Independent Director of the Company on 1 August 2019.

(2) The annual general meeting of the Company was held on 28 June 2019, and Mr Tso Sze Wai only appointed as an Independent Director of the Company on 9 June 2020.

CORPORATE GOVERNANCE **REPORT**

The Company also ensures that there are separate resolutions at general meetings on each distinct issue and supports the Code's principles as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications. The Company will put all resolutions to vote by poll and announce the detailed results after the conclusion of the annual general meeting.

The Company Secretary prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and the corresponding responses from the Board and the Management. These minutes are published on the Company's corporate website as soon as practicable.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate.

12. 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.

The Company recognises that effective communication leads to transparency and enhances accountability. The Company's quarterly and full year results announcements, announcements and press releases are issued via SGXNet. The Company discloses all material information in a timely manner to its shareholders via these announcements and press releases and ensures that price-sensitive information is publicly released and is announced within the mandatory period. The Company does not practise selective disclosure. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make the same disclosure publicly to all others promptly.

The Company does not have an investor relations policy but maintains a website (http://www.ktl.group/) which allows the public to be aware of the Group's latest development and businesses. The public can provide feedback to the Company via its electronic mail address or its registered office address. Calls and emails requesting information are generally attended to promptly, taking into consideration the fact that Management may need to consult with the Board or any of the Company's relevant advisors before communicating or disseminating certain information.

As mentioned above, Mr Kenny Lim, as Lead Independent Director, is the contact person for shareholders in situations where there are concerns or issues that communication with the CEO has failed to resolve or where such communication is inappropriate.

13. MANAGING STAKEHOLDER RELATIONSHIPS

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 Company believes that good corporation social responsibility ("**CSR**") practice goes hand-in-hand with good corporate management practice. It also recognises that it is vital that its management approaches are adaptable to the dynamics of business and operation environment in such a way that it can continuously assess our impacts, develop sustainability objectives and respond in a proper manner to meet its stakeholders' (including customers and suppliers) expectations. The Company's CSR framework is based on its approach to sustainability and includes policies and measurement mechanisms to monitor the impacts made by its businesses and operations.

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Key to the success of the Company's sustainability programme is regular and up-to-date communication about our CSR policies and activities to all our stakeholders, and the provision of appropriate feedback mechanisms so that it can monitor and evaluate how it is doing and explore new possibilities stimulated by stakeholder responses. The Company sees its sustainability reports as being a critical component of this continuous cycle of communication and evaluation. The overall sustainability context of the stakeholder engagements is managed through the Company's CSR plan for its sustainability governance oversight (further details can be found in the Company's sustainability report published on SGXNET on 6 May 2019).

As mentioned above, the Company maintains a website (http://www.ktlgroup/) which allows stakeholders to communicate and engage with the Company.

DEALINGS IN SECURITIES

In compliance with the best practices set out in the SGX-ST Listing Manual on dealings in securities, directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company prohibits dealings in its shares by its officers and employees during the period commencing two weeks before the announcement of the Company's quarterly financial statements and one month before the announcement of the Company's full-year financial statements and ending on the date of the announcement of the results.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. The Management reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

Save as disclosed below, there were no material contracts of the Group involving the interests of the CEO, each director or controlling shareholder, either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

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There was no interested person transaction, as defined in Chapter 9 of the SGX-ST Listing Manual, above S$100,000 entered into by the Group during FY2019. However, the following is disclosed for completeness:

Name of interested person	Aggregate value of all interested person transactions during FY2019 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)	Nature of relationship
Tan Tock Han	84	–	Mr Tan Tock Han is the father of Mr Tan Kheng Kuan, a Non-Executive Director of the Company
Wong Tan & Molly Lim LLC	35	–	Wong Tan & Molly Lim LLC is an associate (as defined under the SGX-ST Listing Manual) of Mr Sunny Wong and provided professional services to the Group during FY2019. Mr Sunny Wong was not person ally involved in the professional services provided by Wong Tan & Molly Lim LLC and such services were provided by other directors and associates of Wong Tan & Molly Lim LLC.

USE OF PROCEEDS

The Board refers to the placement exercise which was completed on 23 November 2018 (the "**Placement**"), pursuant to which gross proceeds of S$940,000 were raised. After deducting the actual expenses incurred in relation to the Placement of S$32,100, the Company raised net proceeds of S$907,900 from the Placement.

As announced previously on 14 November 2019 in the unaudited third quarter financial statements and dividend announcement for the financial period ended 30 September 2019, all proceeds have been fully utilised in accordance with the stated use.

MATERIAL CONTRACTS

Save as previously announced by the Company via SGXNET, there are no material contracts entered into by the Group involving the interest of any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

CORPORATE GOVERNANCE **REPORT**

SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the SGX-ST Listing Manual requires Singapore-listed companies to describe their corporate governance practices with specific reference to the Code of Corporate Governance issued on 6 August 2018 (the "**Code**") in their annual reports for the financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code.

Board Matters

The Board's Conduct of Affairs

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Board Composition and Guidance
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Board Performance
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DIRECTORS' **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The directors present their statement to the members together with the audited financial statements of KTL Global Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2019.

In the opinion of the directors,

(i) the consolidated 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 2019 and of the financial performance, changes in equity and cash flows of the Group for the year then ended; and

(ii) 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.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Lim Yeow Hua @ Lim You Qin
Wong Fook Choy Sunny (resigned on 28 June 2019)
Tan Kheng Kuan
Liu Changsheng
Chong Eng Wee (Zhang Yingwei) (appointed on 1 August 2019)
Tso Sze Wai (appointed on 9 June 2020)

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial period had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interests		Deemed interests	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Company				
Ordinary shares				
Tan Kheng Kuan	977,756	977,756	123,200,000	123,200,000
Liu Changsheng	–	–	47,000,000	47,000,000
Holding Company – Kim Teck Leong Pte. Ltd.				
Ordinary shares				
Tan Kheng Kuan	20	20	–	–
Tan Tock Han/Tan Kheng Kuan *	10	10	–	–

* The shares are jointly held by Tan Kheng Kuan and his father Tan Tock Han who is a former director of the Company.

DIRECTORS' **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

There was no change in any of the above-mentioned interest in the Company and its related corporation between the end of the financial period and 21 January 2020.

By virtue of section 7 of the Singapore Companies Act, Cap 50, Mr. Tan Kheng Kuan is deemed to have an interest in the whole of the share capital of the Company's subsidiaries.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS

During the financial period, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial period.

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance. The functions performed are detailed in the Corporate Governance Report.

INDEPENDENT AUDITORS

The independent auditors, RT LLP, have expressed their willingness to accept the appointment as auditors of the Company.

On behalf of the Board of Directors

TAN KHENG KUAN
Director

LIU CHANGSHENG
Director

12 June 2020

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF KTL GLOBAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KTL Global Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 39 to 134, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1(b) and 35(ii) in the financial statements. As at 31 December 2019, the Group was in a net current liability position of $15,923,000 and in a net liability position of $15,899,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 36 of the financial statements, which describes the rationale for the Group's ability to command a significantly high contribution with respect to Profit Before Tax for its services. Our opinion is not modified in respect of this matter.

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 period. 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF KTL GLOBAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Recoverability of trade receivables *(Refer to following notes to the financial statements* *~ Note 3(i)(c), Note 13 and Note 33(iii))*	
Key Audit Matters	***How we addressed the risk***
As at 31 December 2019, the Group has trade receivables of $11,171,000, net of accumulated allowance for impairment losses of $ Nil. As at date of our report, $4,000,000 have been received. The remainder of $7,171,000 was structured as a repayment plan to be paid from September 2020 to March 2021. The management is of the view that the repayment plan is necessary to facilitate collection in view of businesses being constrained by consequences of COVID-19. In accordance with SFRS(I) 9 Financial Instruments, the Group is required to recognize loss allowances for expected credit losses on financial assets. The determination of the loss allowances requires significant judgement and estimates to determine whether the financial assets is credit-impaired, and the best estimate of the ultimate realisation of the amounts receivable from customers.	We reviewed the Group's estimation process used in determining the amounts of loss allowance recognised for expected credit losses on trade receivables. Our procedures included: • analysing the payment history of the selected customers and the receipts subsequent to the end of the reporting period; • inquiring with management on any known disputes or adverse information about the customers' ability to repay the outstanding amounts; • obtaining trade receivables confirmations of the amount received subsequent to the end of the reporting period; and the outstanding balances as at the end of the reporting period and as of 5 June 2020; • obtaining confirmations from debtors on the new repayment schedule agreements; • obtaining the new repayment schedule agreements for the long outstanding balances and assessed the recoverability of these through inquiry with management and by obtaining sufficient corroborative evidence to support the conclusions; and • evaluating the adequacy of disclosures in the financial statements about the extent of estimation and judgement involved in determining impairment loss allowances.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF KTL GLOBAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Key Audit Matters (Continued)

Disposal group classified as held for sale, and discontinued operations *((Refer to following notes to the financial statements* *~ Note 3(ii)(b) and Note 16)*	
Key Audit Matters	***How we addressed the risk***
On 22 August 2019, the Company announced the decision of its Board of Directors to dispose of KTL Offshore Pte. Ltd. and KTL Investment Pte. Ltd. ("Proposed Disposal Group"). The negotiation with Kim Teck Leong Private Limited (the "Purchaser") had started since financial year 2019 and the Company had entered into a Conditional Sale and Purchase Agreement ("SPA") with the Purchaser on 22 August 2019. The SPA was subjected to the approval of shareholders of the Company at an extraordinary general meeting (EGM) which was held on 21 January 2020. As such, in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations paragraph 8, the probability of the shareholders' approval should be considered as part of the assessment of whether the sale was highly probable as at the end of the reporting period. The management were of the view that the condition in SFRS(I) 5 paragraph 8 that an "appropriate level of management" must be committed to the plan to sell those subsidiaries, was met at the end of the reporting period because the voting by the remaining non-abstained shareholders at the EGM was not substantive in nature but merely a formality. This was due to the judgement of the management as at the end of the reporting period, that the resolution relating to the Proposed Disposal Group would be able to be passed by exceeding the required 50% non-abstained shareholders threshold. Management had made the judgement based on the historical turn-out rate of the non-abstained shareholders at the past annual general meetings (AGMs) and EGMs of the Company, and also that a director of the Company who was deemed to be a non-abstained shareholder had committed to vote in favour of the resolution relating to the Proposed Disposal Group. That director indirectly held 14.89% of the issued and fully paid up share capital of the Company as at the end of the reporting period whilst the abstained shareholders held 53.2% of the issued and fully paid up share capital of the Company as at the end of the reporting period.	Our audit procedures in this area included, among others: • challenging the Group's judgement on the classification of the disposal group as held for sale through an assessment of the historical turnout of the non-abstained shareholders in the past AGMs and EGMs of the Company and reviewing correspondences from the Purchaser; and • evaluating the adequacy of the financial statements disclosures, including disclosures of key assumptions and judgements.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF KTL GLOBAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Key Audit Matters (Continued)

Disposal group classified as held for sale, and discontinued operations *((Refer to following notes to the financial statements* *~ Note 3(ii)(b) and Note 16)*	
Key Audit Matters	***How we addressed the risk***
Due to the high level of judgement involved in the assessment of whether the sale was highly probable as at the end of the reporting period; and the significant amounts of the assets and liabilities associated with the disposal group and the income and expenses presented under discontinued operations, we considered this to be a key audit matter.	

Other Matter

The financial statements of the Group for the period ended 31 December 2018 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 29 May 2019.

Other Information

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 process.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF KTL GLOBAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 control.

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

- 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, related safeguards.

INDEPENDENT AUDITOR'S **REPORT**

TO THE MEMBERS OF KTL GLOBAL LIMITED
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 period 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 Mr Ravinthran Arumugam.

RT LLP
Public Accountants and
Chartered Accountants
Singapore

12 June 2020

STATEMENTS OF FINANCIAL **POSITION**

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**75**	11,143	**–**	–
Prepaid land lease	6	**–**	3,074	**–**	–
Investment properties	7	**–**	1,655	**–**	–
Subsidiaries	8	**–**	–	**50**	51
Joint ventures	9	**–**	502	**–**	–
Other receivables, deposits and prepayments	10	**–**	401	**–**	–
Deferred tax assets	11	**–**	–	**–**	–
		75	16,775	**50**	51
Current assets					
Inventories	12	**–**	12,953	**–**	–
Trade receivables	13	**11,171**	6,916	**–**	–
Other receivables, deposits and prepayments	10	**26**	1,126	**17**	8
Income tax receivable		**–**	–	**–**	–
Due from subsidiaries	14(a)	**–**	–	**647**	–
Due from associate and joint venture companies	14(b)	**–**	198	**–**	–
Cash and bank balances	15	**136**	2,453	**91**	748
		11,333	23,646	**755**	756
Assets of disposal group classified as held-for-sale	16	**37,096**	–	**1**	–
		48,429	23,646	**756**	756
TOTAL ASSETS		**48,504**	40,421	**806**	807

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF FINANCIAL **POSITION**

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
LIABILITIES					
Current liabilities					
Trade payables		**1,209**	5,143	**29**	–
Bills payables	17	**–**	4,721	**–**	–
Contract liabilities	23(a)	**2,910**	–	**–**	423
Other payables and accruals	18	**337**	7,033	**280**	–
Due to controlling shareholders	14(c)	**–**	11,625	**–**	–
Interest-bearing loans and borrowings	19	**29**	25,408	**–**	–
Income tax payable		**2,030**	11	**–**	11
		6,515	53,941	**309**	434
Liabilities directly associated with disposal group classified as held-for-sale	16	**57,837**	–	**–**	–
		64,352	53,941	**309**	434
Non-current liabilities					
Other payables	18	**–**	2,799	**–**	–
Interest-bearing loans and borrowings	19	**51**	783	**–**	–
		51	3,582	**–**	–
TOTAL LIABILITIES		**64,403**	57,523	**309**	434
NET (LIABILITIES)/ASSETS		**(15,899)**	(17,102)	**497**	373
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	**36,776**	36,776	**36,776**	36,776
Reserves	22	**(54,963)**	(53,951)	**(36,279)**	(36,403)
		(18,187)	(17,175)	**497**	373
Non-controlling interests		**2,288**	73	**–**	–
TOTAL (DEFICIT)/EQUITY		**(15,899)**	(17,102)	**497**	373

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Continuing operations			
Revenue	23	**13,686**	–
Cost of sales		**(1,179)**	–
Gross profit		**12,507**	–
Other operating income	24	**74**	–
Administrative expenses		**(1,628)**	(2,648)
Sales and marketing expenses		**(131)**	(3)
Other operating expenses	24	**–**	(74)
Finance costs	26	**(8)**	–
Profit/(loss) before tax	27	**10,814**	(2,725)
Income tax expense	28	**(2,019)**	(11)
Profit/(loss) from continuing operation		**8,795**	(2,736)
Discontinued operations			
Loss from discontinued operations	16	**(3,546)**	(16,870)
Total profit/(loss)		**5,249**	(19,606)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
– Currency translation differences arising from consolidation		**334**	383
– Transfer of reserve on disposal of associate held for sale		**–**	12
Other comprehensive income, net of tax		**334**	395
Total comprehensive income/(loss) for the year/period		**5,583**	(19,211)
Profit/(loss) attributable to:			
Equity holders of the Company		**(1,247)**	(19,636)
Non-controlling interests		**6,496**	30
		5,249	(19,606)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations		**2,319**	(2,716)
Loss from discontinued operations		**(3,566)**	(16,920)
		(1,247)	(19,636)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**(913)**	(19,241)
Non-controlling interests		**6,496**	30
		5,583	(19,211)
Loss per share ("LPS") for profit/(loss) from continuing and discontinued operations attributable to equity holders of the Company (cents per share)	29		
Basic LPS			
From continuing operations		**0.73**	(1.04)
From discontinued operations		**(1.13)**	(6.50)
Diluted LPS			
From continuing operations		**0.73**	(1.04)
From discontinued operations		**(1.13)**	(6.50)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to equity holders of the Company										
2019	**Share capital $'000**	**Treasury shares $'000**	**Treasury shares reserve $'000**	**Premium paid on acquisition of non-controlling interest $'000**	**Translation (deficit)/ surplus $'000**	**Statutory reserve fund $'000**	**Accumulated losses $'000**	**Reserve attributable to non-current asset held for sale $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total deficit $'000**
Balance at 31 December 2018 (as previously stated)	36,776	–	(706)	(60)	(2,591)	15	(50,609)	–	(17,175)	73	(17,102)
Adoption of SFRS(I) 1 (Note 2.2)	–	–	–	–	2,974	–	(2,974)	–	–	–	–
Adoption of SFRS(I) 9 (Note 2.2)	–	–	–	–	–	–	(50)	–	(50)	–	(50)
Adoption of SFRS(I) 16 (Note 2.2)	–	–	–	–	–	–	(49)	–	(49)	–	(49)
Balance at 1 January 2019 (as restated)	36,776	–	(706)	(60)	383	15	(53,682)	–	(17,274)	73	(17,201)
Loss for the period	–	–	–	–	–	–	(1,247)	–	(1,247)	6,496	5,249
Other comprehensive income, net of tax	–	–	–	–	334	–	–	–	334	–	334
Total comprehensive loss for the period	–	–	–	–	334	–	(1,247)	–	(913)	6,496	5,583
Distributions to owners											
Dividend paid	–	–	–	–	–	–	–	–	–	(4,281)	(4,281)
Total contributions by and distributions to owners	–	–	–	–	–	–	–	–	–	(4,281)	(4,281)
Balance at 31 December 2019	**36,776**	**–**	**(706)**	**(60)**	**717**	**15**	**(54,929)**	**–**	**(18,187)**	**2,288**	**(15,899)**

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to equity holders of the Company										
2018	**Share capital $'000**	**Treasury shares $'000**	**Treasury shares reserve $'000**	**Premium paid on acquisition of non-controlling interest $'000**	**Translation (deficit)/ surplus $'000**	**Statutory reserve fund $'000**	**Accumulated losses $'000**	**Reserve attributable to non-current asset held for sale $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total deficit $'000**
Balance at 1 July 2017 (as previously stated)	34,836	(286)	(476)	(60)	(2,974)	15	(30,973)	(12)	70	43	113
Adoption of SFRS(I) 1 (Note 2.2)	–	–	–	–	2,974	–	(2,974)	–	–	–	–
Balance at 1 July 2017 (as restated)	34,836	(286)	(476)	(60)	–	15	(33,947)	(12)	70	43	113
Loss for the period	–	–	–	–	–	–	(19,636)	–	(19,636)	30	(19,606)
Other comprehensive income, net of tax	–	–	–	–	383	–	–	12	395	–	395
Total comprehensive loss for the period	–	–	–	–	383	–	(19,636)	12	(19,241)	30	(19,211)
Contributions by and distributions to owners											
Reissue of treasury shares (Note 21)	–	286	(230)	–	–	–	–	–	56	–	56
Issuance of share capital (Note 20)	1,940	–	–	–	–	–	–	–	1,940	–	1,940
Total contributions by and distributions to owners	1,940	286	(230)	–	–	–	–	–	1,996	–	1,996
Balance at 31 December 2018 (as restated)	36,776	–	(706)	(60)	383	15	(53,583)	–	(17,175)	73	(17,102)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Cash flows from operating activities			
Total profit/(loss)		**5,249**	(19,606)
Adjustments:			
Income tax expenses		**2,130**	1,121
Reversal of impairment loss on investment properties	7	**–**	(15)
Reversal of impairment loss on investment in joint venture	9	**–**	(23)
(Reversal of)/Impairment on plant and equipment	4	**(394)**	2,974
Plant and equipment written off	4	**–**	187
Reversal of impairment on amounts due from an associate and a joint venture company	14(b)	**–**	(460)
Depreciation of property, plant and equipment	4	**1,703**	2,424
Depreciation of investment properties	7	**25**	64
Amortisation of prepaid land lease	6	**123**	186
Reversal of allowance for slow moving and obsolete inventories	12	**–**	(453)
Inventories written off	12	**–**	984
Reversal of Allowance for doubtful debts	13(c)	**(5)**	(273)
Bad debts written off		**93**	–
Debts waived by related company		**(527)**	–
Loss/(gain) on disposal of property, plant and equipment		**182**	(11)
Interest expense		**1,738**	2,493
Equity-settled employee benefits	21	**–**	56
Foreign exchange loss		**297**	592
Operating profit/(loss) before working capital changes		**10,614**	(9,760)
Inventories		**(869)**	2,969
Trade and other receivables		**(7,650)**	854
Trade and other payables		**(390)**	3,278
Cash generated from/(used in) operations		**1,705**	(2,659)
Income tax (paid)/refund		**(111)**	21
Withholding tax paid		**–**	(24)
Net cash from/(used in) operating activities		**1,594**	(2,662)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment	A	**(1,509)**	(734)
Proceeds from disposal of property, plant and equipment		**1,456**	431
Proceeds from disposal of investments, classified as held for sale		**–**	2,068
Advances to associates		**–**	(261)
Proceeds from liquidation of joint venture	9	**502**	–
Net cash from investing activities		**449**	1,504
Cash flows from financing activities			
Issuance of share capital	20	**–**	940
Loans from controlling shareholders		**5,310**	12,148
Repayments of interest-bearing loans and borrowings		**(3,541)**	(8,365)
Financing cash flows related to liabilities	19(iii)	**1,769**	3,783
Interest paid		**(1,738)**	(2,493)
Dividend paid to non-controlling interest		**(4,281)**	–
Net cash (used in)/from financing activities		**(4,250)**	2,230
Net (decrease)/increase in cash and cash equivalents		**(2,207)**	1,072
Cash and cash equivalents at beginning of year/period		**2,453**	1,363
Effects of exchange rate changes in cash and cash equivalents		**3**	18
Cash and cash equivalents		**249**	2,453
Cash and cash equivalents are classified as assets of disposal group classified as held-for-sale	16	**(113)**	–
Cash and cash equivalents at the end of year/period	15	**136**	2,453

Note A

	Note	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Total additions to property, plant and equipment	4	**1,596**	1,016
Add: Amount paid in prior year as prepayment		**–**	(21)
Less: Amount financed through finance lease		**(87)**	(261)
Purchase of property, plant and equipment per consolidated statement of cash flows		**1,509**	734

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

KTL Global Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX"). The address of the Company's registered office and its principal place of business was at 7 Gul Road, Singapore 629364. With effect from 9 June 2020, the registered office and its principal place of business was changed to 3 Church Street, Samsung Hub, Level 8, Singapore 049483.

The Company's immediate and ultimate holding company is Kim Teck Leong Pte. Ltd., incorporated in Singapore. Kim Teck Leong Pte. Ltd. is controlled by the Tan Family, represented by Tan Tock Han, Tan Kheng Yeow and Tan Kheng Kuan. Thereinafter, Kim Teck Leong Pte. Ltd. and the Tan Family are collectively defined as controlling shareholders of the Group and Company.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are shown in Note 8.

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 12 June 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) Basis of accounting

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in Singapore Dollars ("SGD") and rounded to nearest thousand ($'000) except when otherwise indicated.

(b) Going concern

As at 31 December 2019, the Group was in net current liability position of $15,923,000 (2018: $30,295,000), and in net liability position of $15,899,000 (2018: $17,102,000). These events or conditions indicate an existence of a material uncertainty that may cast significant doubts on the Group's ability to continue as a going concern.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(b) Going concern (Continued)

Management has prepared these financial statements on a going concern basis after taking into consideration the following factors:

(a) The Group has divested the loss-making subsidiaries such as KTL Offshore Pte Ltd ("KTLO") & KTL Investment Pte Ltd ("KTLI") after the end of the reporting period. After the disposal of KTLO and KTLI, the Group's current assets exceed its current liabilities by $4,818,000.

(b) On 4 March 2019, the Company announced the issuance of zero coupon convertible bonds amounting to $5,350,000 which is approved by SGX and shareholders on 3 June 2019. Approximately 20% of the proceeds will be used for general working capital purposes. At the reporting date, the subscriber has yet to accept the convertible loan.

(c) The Group will be able to generate sufficient operating cash flows to meet its working capital and financing obligations.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities which may arise. No such adjustments have been made to these financial statements.

2.2 Adoption of new and revised standards

These financial statements for the year ended 31 December 2019 are the first the Group and the Company have prepared in accordance with SFRS(I)s. Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I)s applicable as at 31 December 2019, together with the comparative period data for the period ended 31 December 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statements of financial position were not presented as at 1 January 2019, the Group's and the Company's date of transition to SFRS(I)s. This is due to the retrospective application, retrospective restatement or the reclassification did not have any material effect on the information in the statements of financial position as at 1 January 2019.

The principal adjustments made by the Group on adoption of SFRS(I)s and the adoption of the new standards that are effective on 1 January 2018 and 2019 are disclosed below.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

Exemptions applied on adoption of SFRS(I)s

SFRS(I)s allow first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I)s. The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I)s, or acquisitions of interests in associates and joint ventures that occurred before 1 July 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I)s is the same as previously reported under Financial Reporting Standards ("FRSs").

- SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I)s. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 July 2017. As a result, an amount of $2,974,000 was adjusted against the opening retained profits as at 1 July 2017.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments*: Disclosures to the extent the disclosures related to items within the scope of SFRS(I) 9.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRSs except that in the current financial year, the Group has adopted all the SFRS(I)s which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 1 First-time Adoption of SFRS(I)s

The Group is required to retrospectively apply all SFRS(I)s effective at the end of the first SFRS(I)s reporting period which is the financial year ending 31 December 2019, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1. The Group has elected the relevant optional exemptions and the exemptions resulting in adjustments to the Group's financial statements is as follows:

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

New accounting standards effective on 1 January 2018 (Continued)

Cumulative translation differences

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 July 2017. As a result, cumulative translation losses of $2,974,000 are reclassified from foreign currency translation reserves to retained profits as at 1 July 2017 for the Group. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before 1 July 2017.

SFRS(I) 9 Financial Instruments

On 1 January 2019, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained profits at the date of initial application, 1 January 2019. The comparative information was prepared in accordance with the requirements of FRS 39.

The effect of adopting SFRS(I) 9 for the Group as at 1 January 2019 were at follows:

	Reference	Increase/ (Decrease) $
Assets		
Trade receivables	(b)	(50)
Total assets		**(50)**
Total adjustment on equity:		
Accumulated losses	(b)	50
		50

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

New accounting standards effective on 1 January 2018 (Continued)

SFRS(I) 9 Financial Instruments (Continued)

The nature of the adjustments are described below:

(a) Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The Group has not designated any financial liabilities at FVPL. There are no changes in classification and measurement for the Group's financial liabilities.

The classification and measurement requirements of SFRS(I) 9 did not have a significant impact to the Group.

In summary, upon the adoption of SFRS(I) 9, the Group had the following required or elected reclassifications as at 1 January 2019:

		SFRS(I) 9 measurement category		
FRS 39 measurement category	**$'000**	**FVPL $'000**	**FVOCI $'000**	**Amortised cost $'000**
Loans and receivables				
Trade receivables (Note 13)	6,916	–	–	6,916
Other receivables (Note 10)	846	–	–	846
Amounts owing by associate and joint venture companies (Note 14(b))	198	–	–	198
				7,960

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

New accounting standards effective on 1 January 2018 (Continued)

SFRS(I) 9 Financial Instruments (Continued)

(b) Impairment

SFRS(I) 9 requires the Group to record expected credit losses ("ECLs") on its financial assets measured at amortised cost, debt securities at FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group recognised additional impairment of $50,000 on the Group's trade receivables, resulting in a increase in accumulated losses $50,000 as at 1 January 2019.

The reconciliation for allowance for doubtful receivable for the Group are as follow:

	Allowance for impairment under FRS 39 as at 31 December 2018 $'000	Remeasurement $'000	ECL under SFRS(I) 9 as at 1 January 2019 $'000
Loan and receivables under FRS 39/ Financial assets at amortised cost under SFRS(I) 9	(3,080)	(50)	**(3,130)**

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

SFRS(I) 15 Revenue from Contracts with Customers supersedes FRS 11 Construction Contracts, FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

SFRS(I) 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

New accounting standards effective on 1 January 2018 (Continued)

SFRS(I) 15 Revenue from Contracts with Customers (Continued)

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

– For completed contracts, the Group has not restated contracts that begin and end within the same year or are completed contracts at 1 July 2017. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been lower;

– For completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative period ended 31 December 2018. Had the Group elected not to apply this practical expedient, the amount of revenue recorded for the prior year would have been lower;

– For the comparative period ended 31 December 2018, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

Based on the management's assessment, the initial application of SFRS(I) 15 has no significant impact to the Group's financial statements.

New accounting standards effective on 1 January 2019

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 Leases:

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

New accounting standards effective on 1 January 2019 (Continued)

SFRS(I) 16 Leases

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.12.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and

(ii) On a lease-by-lease basis, the Group has:

(a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;

(c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

(d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and

(e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Group has applied the following transition provisions:

(i) On a lease-by-lease basis, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

New accounting standards effective on 1 January 2019 (Continued)

SFRS(I) 16 Leases (Continued)

(a) When the Group is the lessee (Continued)

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

(iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening accumulated losses. Comparative information is not restated.

(iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 January 2019 are as follows

	Increase/ (Decrease) $
Property, plant and equipment	670
Borrowings	719
Accumulated losses	49

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the statement of financial position as at 1 January 2019 are as follows:

	$'000 $
Operating lease commitment disclosed as at 31 December 2018	1,152
Less: Short-term leases	(315)
Less: Low-value leases	(34)
	803
Weighted average incremental borrowing rate as at 1 January 2019	**9.59%**
Discounted operating lease commitments as at 1 January 2019	**719**
Add: Finance lease liabilities recognised as at 31 December 2018	1,221
Lease liabilities recognised as at 1 January 2019	**1,940**

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and revised standards (Continued)

Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application.

2.3 Group accounting

(i) Subsidiaries

(a) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(i) Subsidiaries (Continued)

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with SFRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to recognise them either at fair value or at the non- controlling interest's proportionate share of the acquiree's net identifiable assets, at the date of acquisition.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(i) Subsidiaries (Continued)

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ii) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(iii) Associates

Associates are entities over which the Group exercises significant influence, but not control, over the financial and operating policy decision, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associates are adjusted against the carrying amount of the investment. When the Group's share of losses in an associates equals or exceeds its interest in the associates, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associates.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (Continued)

(iii) Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associates are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associates in which significant influence are retained are recognised in profit or loss.

(iv) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share control over the economic activity of the entities with one or more parties. The Group recognises its interest in the joint venture using proportionate consolidation method. Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, associates and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non- controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (see the accounting policy for borrowing costs as set out in this Note). The cost of an item of property, plant and equipment including subsequent expenditure is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment is required to be replaced in intervals, the Group recognises such parts as individual assets with specific lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenses are recognised in profit or loss when incurred.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold building	30 to 50
Buildings	2 to 3
Plant and machinery	5 to 15
Motor vehicles	3 to 10
Furniture and fittings	5
Office equipment	5
Renovation	5
Computers	5

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within “Other operating income/(expenses)”.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Prepaid land lease

Prepaid land lease are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease term of 30 years.

2.7 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met and they are accounted for as finance leases.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The properties are continued to be depreciated over its remaining useful life.

	Useful lives (Years)
Investment properties	50

The useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on the retirement or disposal of an investment property is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in statement of profit or loss and other comprehensive income in the year of retirement or disposal within “Other operating income/(expenses)”.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth years.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial Instruments

These accounting policies are applied on and after the Group's initial application date of SFRS(I) 9, 1 January 2019:

(a) Financial assets

Classification and measurement

Financial assets are classified into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of trade and other receivables (excluding prepayments), amounts owing by subsidiaries, fixed deposits and cash and bank balances.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial Instruments (Continued)

(a) Financial assets (Continued)

At subsequent measurement (Continued)

(i) Debt instruments (Continued)

(a) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest 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 profit or loss when the assets are derecognised or impaired, and through amortisation process.

(b) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(c) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial Instruments (Continued)

(a) Financial assets (Continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, the Group becomes a party to contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial Instruments (Continued)

These accounting policies are applied before the Group's initial application date of SFRS(I) 9, 1 January 2019:

(a) Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets not fair value through profit or loss, directly attributable transaction costs.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Group has no financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.

(ii) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non- current assets. Loans and receivables comprise cash and bank balances, trade and other receivables, including amounts due from related parties.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial Instruments (Continued)

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at reporting date, there were no financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, 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 profit or loss.

2.10 Impairment of financial assets

These accounting policies are applied on and after the Group's initial application date of SFRS(I) 9, 1 January 2019:

The Group recognises an allowance for ECLs for all debt instruments not held at FVPL. 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 expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of financial assets (Continued)

For trade receivables, the Group applies simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

These accounting policies are applied before the Group's initial application date of SFRS(I) 9, 1 January 2019:

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Finished goods comprise purchase costs accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Where necessary, allowance is provided for damage, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.12 Leases

These accounting policies are applied on and after the Group's initial application date of SFRS(I) 9, 1 January 2019:

(a) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right- of-use assets. These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of- use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases (Continued)

(a) When the Group is the lessee: (Continued)

(ii) Lease liabilities (Continued)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

These accounting policies are applied before the Group's initial application date of SFRS(I) 9, 1 January 2019:

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT SFRS 104.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases (Continued)

(i) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

Finance leases, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.13 Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised as a liability at their fair values, adjusted for transaction costs directly attributable to the issuance of the guarantees. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liabilities will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.15 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

2.16 Share capital and treasury shares

Proceeds from issuance of ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

When ordinary shares are reacquired ("treasury shares"), the amount of consideration paid including any directly attributable incremental costs is presented as a component within equity, until they are cancelled, sold or reissued. When treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company, if the shares are purchased out of earnings of the Company. When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury shares account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the treasury shares reserve of the Company.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition

These accounting policies are applied on and after the Company's initial application date of SFRS(I) 15, 1 January 2019:

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Branding, Operation and Procurement (BOP) services

Revenue from BOP services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the monthly rendered services relative to the relevant quarter.

The customers are invoiced in advance for every quarter. A contract liability is recognised when the Group has not yet performed the services under the contract but has billed the invoice to the customers.

(b) Sales of good

Revenue from sale of goods is recognised upon transfer of control of the goods to the customer when the performance obligation is completed. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return goods.

(c) Rendering of services

Revenue from inspection and certification of offshore rigging equipment, spooling, training and wire rope fabrication is recognised at a point of time in which the services are rendered.

Revenue from rental of equipment on short term operating lease is recognised on a straight-line basis over the lease terms.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

These accounting policies are applied before the Company's initial application date of SFRS(I) 15, 1 January 2019:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the associated costs can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) Revenue from sale of goods:

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services:

Revenue from inspection and certification of offshore rigging equipment, spooling, training and wire rope fabrication is recognised at a point of time in which the services are rendered.

Revenue from rental of equipment on short term operating lease is recognised on a straight- line basis over the lease terms.

2.19 Employees' benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension scheme.

Malaysia

The Company makes contribution to the Employee Provident Fund (EPF) Scheme in Malaysia, a defined contribution pension scheme.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employees' benefits (Continued)

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

(iii) Share-based compensation

Employees of the Group receive remuneration in the form of the fully paid treasury shares as consideration for services rendered. The cost of these share-based payment transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted which takes into account market conditions. This cost is recognised in profit or loss, with a corresponding increase in the equity.

(iv) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

2.20 Taxes

(a) Current income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantially enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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 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 associate, except where the Group 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.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employees' benefits (Continued)

(b) Deferred tax (Continued)

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

Deferred income tax is measured:

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

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial 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 profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in other comprehensive income. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Goods and Service Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.21 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable 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 deducted in reporting the related expense.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.23 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Chief Executive Officer) responsible for allocating resources and assessing performance of the operating segments.

2.25 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. In estimating the future cash flows, management has taken into account past performance, market expectation and the Group's marketing plan.

The carrying amounts and further details of the key assumptions and the sensitivity analysis for the impairment assessment of property, plant and equipment and subsidiaries are disclosed in Notes 4 and 8 to the financial statements.

(b) Adjustment for lower of cost and net realisable value of inventories

Management of the Group reviews the aging analysis of inventories at the end of each period, and makes adjustment for stock items that are identified as obsolete and slow-moving. Management estimates the net realisable value for goods for resale based primarily on recent sales trend, latest selling prices and current market conditions. Management also estimate the net realisable value of obsolete items at scrap value which is in accordance with management's inventory management plan. The carrying amount of inventories and the expense recognised on the write-down are disclosed in Note 12 to the financial statements.

(c) Allowance for doubtful trade receivables

The Group uses a debtor by debtor basis to calculate expected credit losses (ECLs) for trade receivables.

There is critical judgement used in the measurement of expected credit losses and forward-looking assumptions. 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 carrying amounts of trade receivables and the allowance for doubtful trade receivables as at 31 December 2019 are disclosed in Note 13.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(i) Critical accounting estimates and assumptions (Continued)

(d) Income tax

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has unutilised capital allowances and tax losses totalling approximately $18,193,000 and $34,233,000 (31 December 2018: $17,678,000 and $30,617,000) respectively, for which was not recognised as deferred tax assets due to uncertainty of recovery. The unutilised tax losses and allowances do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither temporary taxable differences nor any tax planning opportunities available that could support the further recognition of deferred tax assets. If the Group was able to recognise all unrecognised deferred tax assets, loss for the year would decrease by $8,912,000 (31 December 2018: $8,210,000).

(e) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment as at 31 December 2019 is disclosed in Note 4.

(ii) Critical judgements in applying the entity's accounting policies

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(ii) Critical judgements in applying the entity's accounting policies (Continued)

(b) Disposal group classified as held-for-sale and discontinued operations

On 22 August 2019, the Company announced the decision of its Board of Directors to dispose of KTL Offshore Pte.Ltd. ("KTLO") and KTL Investment Pte. Ltd. ("KTLI") ("Proposed Disposal Group"). The negotiation with Kim Teck Leong Private Limited (the "Purchaser") had started since financial year 2019 and the Company had entered into a Conditional Sale and Purchase Agreement ("SPA") with the Purchaser on 22 August 2019.

The SPA was subjected to the approval of shareholders of the Company at an extraordinary general meeting (EGM) which was held on 21 January 2020. As such, in line with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations paragraph 8, the probability of the shareholders' approval should be considered as part of the assessment of whether the sale was highly probable as at the end of the reporting period.

The management were of the view that the condition in SFRS(I) 5 paragraph 8 that an "appropriate level of management" must be committed to the plan to sell those subsidiaries, is met at the end of the reporting period because the formal vote by the remaining non-abstained shareholders at the EGM is not substantive in nature but merely a formality. This is due to the judgement of the management as at the end of the reporting period, that the resolution relating to the Proposed Disposal Group would be able to be passed by exceeding the required 50% non-abstained shareholders threshold, based on the historical turn-out rate of the non-abstained shareholders at the past annual general meetings (AGMs) and EGMs of the Company, and also that a director of the Company who is deemed to be a non-abstained shareholder had committed to vote in favour of the resolution relating to the Proposed Disposal Group. That director indirectly held 14.89% of the issued and fully paid up share capital of the Company as at the end of the reporting period whilst the abstained shareholders held 53.2% of the issued and fully paid up share capital of the Company as at the end of the reporting period.

As a result of the above, the statements of financial position and results of the Proposed Disposal Group were presented as held-for-sale and discontinued operations respectively which are disclosed in Note 16.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold building $'000	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Renovation $'000	Computers $'000	Total $'000
Cost									
As at 1 July 2017	7,279	–	29,488	2,211	1,223	342	2,249	991	43,783
Additions	–	–	152	466	48	42	271	37	1,016
Disposals	–	–	(170)	(822)	(66)	(8)	–	–	(1,066)
Written off	–	–	(12,991)	–	–	–	(217)	–	(13,208)
Transferred from inventories	–	–	1,041	–	–	–	–	–	1,041
Transferred from investment properties (Note 7)	436	–	–	–	–	–	–	–	436
Exchange differences	107	–	134	3	(2)	1	1	(2)	242
As at 31 December 2018	7,822	–	17,654	1,858	1,203	377	2,304	1,026	32,244
As at 1 January 2019	**7,822**	**–**	**17,654**	**1,858**	**1,203**	**377**	**2,304**	**1,026**	**32,244**
Adoption of SFRS(I) 16 (Note 2.2)	**–**	**980**	**–**	**423**	**–**	**241**	**–**	**–**	**1,644**
Additions	**90**	**229**	**1,159**	**81**	**29**	**4**	**–**	**4**	**1,596**
Disposals	**–**	**–**	**(3,793)**	**(1,031)**	**(30)**	**–**	**(3)**	**–**	**(4,857)**
Reclassified to disposal group (Note 16)	**(7,859)**	**(632)**	**(14,938)**	**(1,290)**	**(1,177)**	**(618)**	**(2,297)**	**(1,033)**	**(29,844)**
Exchange differences	**(53)**	**–**	**(82)**	**(3)**	**(25)**	**–**	**(4)**	**(1)**	**(168)**
As at 31 December 2019	**–**	**87**	**–**	**–**	**–**	**–**	**–**	**–**	**87**
Accumulated depreciation and impairment loss									
As at 1 July 2017	731	–	23,073	991	1,212	312	2,062	857	29,238
Charge for the period	309	–	1,492	313	17	25	161	107	2,424
Disposals	–	–	(115)	(457)	(66)	(8)	–	–	(646)
Written off	–	–	(12,875)	–	–	–	(146)	–	(13,021)
Impairment loss	–	–	2,648	19	40	26	202	39	2,974
Transferred from investment properties (Note 7)	23	–	–	–	–	–	–	–	23
Exchange differences	8	–	100	3	(2)	1	1	(2)	109
As at 31 December 2018	1,071	–	14,323	869	1,201	356	2,280	1,001	21,101
Accumulated depreciation and impairment loss									
As at 1 January 2019	**1,071**	**–**	**14,323**	**869**	**1,201**	**356**	**2,280**	**1,001**	**21,101**
Adoption of SFRS(I)16 (Note 2.2)	**–**	**490**	**–**	**327**	**–**	**157**	**–**	**–**	**974**
Charge for the year									
– Continuing operations (Note 27)	**–**	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**12**
– Discontinued operations	**195**	**590**	**604**	**228**	**4**	**55**	**6**	**9**	**1,691**
Disposals	**–**	**–**	**(2,182)**	**(612)**	**(30)**	**–**	**(1)**	**–**	**(2,825)**
Written off	**–**	**(490)**	**–**	**(38)**	**–**	**–**	**–**	**–**	**(528)**
Reclassified to computers	**–**	**–**	**–**	**–**	**(4)**	**–**	**4**	**–**	**–**
Reclassified to disposal group (Note 16)	**(1,261)**	**(590)**	**(12,296)**	**(771)**	**(1,150)**	**(564)**	**(2,279)**	**(1,013)**	**(19,924)**
Reversal of Impairment loss	**–**	**–**	**(392)**	**–**	**–**	**–**	**(2)**	**–**	**(394)**
Exchange differences	**(5)**	**–**	**(57)**	**(3)**	**(25)**	**–**	**(4)**	**(1)**	**(95)**
As at 31 December 2019	**–**	**12**	**–**	**–**	**–**	**–**	**–**	**–**	**12**
Net carrying amount									
As at 31 December 2018	6,751	–	3,331	989	2	21	24	25	11,143
As at 31 December 2019	**–**	**75**	**–**	**–**	**–**	**–**	**–**	**–**	**75**

(a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 5(a).

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment loss and subsequent reversal

Singapore subsidiary

During the previous financial period, subsidiaries carried out a review of the recoverable amounts of their plant and equipment due to the continuous operating losses. The impairment loss recognised and the key assumptions used to calculate value-in-use are summarised below:

	1 Jul 2017 to 31 Dec 2018 $'000
Impairment loss recognised under "Sales of goods" segment	1,474
Summary of key assumptions used ("Sale of goods" segment)	
Weighted average remaining useful live of the assets	6 years
Pre-tax discount rate	10.8%
Sales growth	
– first year	120%
– within next 2 – 5 years	5% – 8%
– beyond 5th year	1.4%
Gross profit margin	16% to 20%

The impairment loss recognised representing full impairment made on the Singapore subsidiary under "sales of goods" segment. In financial year ended 2019, the reversal of impairment loss was due to the plant and machinery and renovation being sold above the carrying amounts in 2018.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Buildings

The Group leases office space for the purpose of back office operations.

Office equipment and motor vehicles

The Group leases office equipment for the office operation and leases motor vehicles for the transportation of goods.

(a) Carrying amounts

	31 Dec 2019 $'000	1 Jan 2019 $'000
ROU assets classified within property, plant and equipment		
Buildings	75	490
Office equipment	–	84
Motor Vehicles	–	96
	75	670

(b) Depreciation charge during the year

	31 Dec 2019 $'000
Buildings	602
Office equipment	48
Motor Vehicles	77
	727

(c) Interest expense

	31 Dec 2019 $'000
Interest expense on lease liabilities	
– Under discontinued operation	50
– Under continuing operation	8
	58

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (Continued)

Office equipment and motor vehicles (Continued)

(d) Lease expense not capitalised in lease liabilities

	31 Dec 2019
	$'000
Lease expense – short-term leases	315
Lease expense – low-value leases	34
	349

(e) Total cash outflow for all the leases in 2019 was $1,454,000.

(f) Addition of ROU assets during the financial year 2019 was $229,000.

(g) Future cash outflow which are not capitalised in lease liabilities

(i) Extension options

The leases for certain office spaces, equipment and motor vehicles contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. PREPAID LAND LEASE

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Cost		
At beginning of year/period	**3,713**	3,615
Reclassified to disposal group (Note 16)	**(3,695)**	–
Exchange differences	**(18)**	98
At end of year/period	**–**	3,713
Accumulated amortisation and impairment loss		
At beginning of year/period	**639**	441
Amortisation for the year/period	**123**	186
Reclassified to disposal group (Note 16)	**(759)**	–
Exchange differences	**(3)**	12
At end of year/period	**–**	639
Net carrying amount	**–**	3,074
Amount to be amortised:		
– Not later than 1 year	**–**	124
– Later than 1 year and not later than 5 years	**–**	495
– Later than 5 years	**–**	2,455

The Group has made prepayments for land leases over two plots of land in Malaysia which is partially occupied by the Group's manufacturing and storage facilities. The leases are not transferrable and have a remaining tenure ranging from 24 and 25 years (31 December 2018: 25 and 26 years).

The entire prepaid land lease was mortgaged to secure the Group's bank loans (Note 19).

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENT PROPERTIES

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Cost		
At beginning of year/period	**1,748**	2,126
Transferred to property, plant and equipment (Note 4)	**–**	(436)
Reclassified to disposal group (Note 16)	**(1,739)**	–
Exchange differences	**(9)**	58
At end of year/period	**–**	1,748
Accumulated depreciation and impairment loss		
At beginning of year/period	**93**	64
Depreciation for the year/period	**25**	64
Transferred to property, plant and equipment (Note 4)	**–**	(23)
Reclassified to disposal group (Note 16)	**(118)**	**–**
Reversal of impairment loss	**–**	(15)
Exchange difference	**^**	3
At end of year/period	**–**	93
Net carrying amount	**–**	1,655

^ Less than $1,000

The movement in allowance for impairment loss is as follows:

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
At beginning of the year/period	**–**	15
Reversal	**–**	(15)
At end of the year/period	**–**	–

Investment properties comprised of nil (31 December 2018: 3) freehold properties (office lots) in Kuala Lumpur, Malaysia. Valuation is performed by Jordan Lee & Jaafar Sdn. Bhd., an independent valuer with a recognised and relevant professional qualification. The valuation is based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market, adjusted for any difference in the nature, location or condition of the specific property. In estimating the fair value, the level of fair value hierarchy is Level 2 (significant other observable inputs). Based on the valuation report, fair value of the investment properties at 31 December 2018: MYR5,080,000 or $1,694,000. As a result, in the financial period ended 31 December 2018, there was a partial reversal of prior year impairment loss amounting to MYR46,000 (approximately $15,000).

The entire investment properties were mortgaged to secure the Group's bank loans (Note 19).

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. SUBSIDIARIES

	Company	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Unquoted equity shares, at cost		
– KTL Offshore Pte. Ltd. ("KTLO")	**29,662**	13,160
– KTL Investment Pte. Ltd. ("KTLI")	**1**	1
– Bluegas Private Limited	**50**	50
Reclassified to disposal group (Note 16)	**(29,663)**	–
	50	13,211
Less: Impairment loss	**–**	(13,160)
	50	51

The movement in allowance for impairment loss is as follows:

	Company	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
At beginning of the year/period	**13,160**	–
Additions	**16,502**	13,160
Reclassified to disposal group (Note 16)	**(29,662)**	–
At end of the year/period	**–**	13,160

Impairment testing of investment in subsidiary

As at reporting date, management performed an impairment test for the investment in KTLO that recorded continuous operating losses and have been in equity deficit. An addition impairment loss of $16,502,000 (31 December 2018: $13,160,000) was recognised for the financial year ended 31 December 2019.

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest	
			As at 31 Dec 2019 %	**As at 31 Dec 2018 %**
Held by the Company				
KTL Offshore Pte. Ltd.[(i)]	Trading of rigging equipment and related services	Singapore	**100**	100
KTL Investment Pte. Ltd.[(i)]	Investment holding	Singapore	**100**	100
Bluegas Private Limited (Formerly known as Yingjie Holdings Private Limited)[(i)]	Provision of technical, operational, procurement management services and other related services.	Singapore	**80**	80

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. SUBSIDIARIES (CONTINUED)

Impairment testing of investment in subsidiary (Continued)

Name of companies	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest As at 31 Dec 2019 %	As at 31 Dec 2018 %
Held through KTL Offshore Pte. Ltd.				
PT. KTL Offshore Indonesia[ii]	Inspection and certification of lifting equipment and certification of wire ropes	Indonesia	**95**	95
KTL Offshore (Middle East) FZC[iii]	Trading of rigging equipment and related services	United Arab Emirates	**98**	98
KTL Offshore (Malaysia) Sdn. Bhd[iv]	Trading of rigging equipment and related services	Malaysia	**100**	100
KTL Offshore Services Pte. Ltd.[i]	Inspection and certification of lifting equipment and certification of wire ropes	Singapore	**100**	100
KTL Offshore Trading (Malaysia) Sdn. Bhd.[iv]	Trading of rigging equipment	Malaysia	**100**	100
KTL Offshore Services (Malaysia) Sdn. Bhd.[iv]	Provision of services to customers mainly in the offshore, oil and gas and marine industries	Malaysia	**100**	100
Future Synthetics Pte. Ltd.[i]	Developing and advancing the technology of synthetics material for use in the manufacture of heavy lift synthetics slings	Singapore	**100**	100
Held through KTL Investment Pte. Ltd.				
KTL Realty Holding Sdn Bhd[iv]	Property investment	Malaysia	**100**	100

(i) Audited by RT LLP, Singapore
(ii) Audited by Kantor Akuntan Publik Kristianto, Tarigan & Margana, Indonesia
(iii) Audited by Crowe MAK, United Arab Emirates
(iv) Audited by ShineWing TY Teoh PLT, Malaysia

NOTES TO THE FINANCIAL **STATEMENTS**

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8. SUBSIDIARIES (CONTINUED)

Impairment testing of investment in subsidiary (Continued)

In accordance with Rule 716 of The Singapore Exchange Securities Trading Limited, the AC and Board of Directors of the Company confirm that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group and Company.

	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Carrying value of non-controlling interests		
Bluegas Private Limited	**2,186**	(9)
Other subsidiaries with immaterial non-controlling interest	**102**	82
Total	**2,288**	73

Summarised financial information of subsidiary with material non-controlling interests

Set out below are the summarised financial information for the subsidiary that has non-controlling interests that are material to the Group. These are presented before their inter-company eliminations.

	Bluegas Private Limited	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Current		
Assets	**11,225**	6
Liabilities	**(6,855)**	1
Total current net assets	**4,370**	5
Non-current		
Assets	**75**	–
Liabilities	**(51)**	–
Total non-current assets	**24**	–
Net asset	**4,394**	5

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8. SUBSIDIARIES (CONTINUED)

Summarised statement of comprehensive income

	Bluegas Private Limited	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Revenue	**13,686**	–
Profit/(loss) before tax	**11,981**	(45)
Income tax expense	**(2,030)**	–
Post-tax profit/(loss) from continuing operation	**9,951**	(45)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**9,951**	(45)
Total comprehensive income/(loss) allocated to non-controlling interests	**6,476**	(9)
Dividend paid to non-controlling interests	**4,281**	–

Summarised cash flows

	Bluegas Private Limited	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Net cash generated from/(used in) operating activities	**4,962**	(45)
Net cash used in investing activities	**–**	–
Net cash (used in)/generated from financing activities	**(4,922)**	51

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9. JOINT VENTURES

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
At beginning of year/period	**502**	479
Share of post-acquisition reserves	**–**	–
Reversal of impairment loss	**–**	23
Disposal	**(502)**	–
At end of year/period	**–**	502

Name of companies	**Principal activities**	**Country of incorporation**	**Proportion (%) of ownership interest**	
			As at 31 Dec 2019 %	**As at 31 Dec 2018 %**
Held through KTL Offshore Pte. Ltd.				
KTL Offshore Technology (Nantong) Co., Ltd. ("KTL Nantong")[(i)]	Trading of high-end sling, processing, storage, display and other related services	People's Republic of China	**–**	40

(i) The entity is liquidated during current financial year.

All of the above joint ventures are accounted for using the equity method in these consolidated financial statements.

NOTES TO THE FINANCIAL **STATEMENTS**

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9. JOINT VENTURES (CONTINUED)

The summarised financial information in respect of KTL Nantong, based on its financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

	KTL Nantong	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Summarised profit or loss and other comprehensive income		
Revenue	–	–
Expense	–	(2)
Income tax	–	–
Loss after tax	–	(2)
Other comprehensive	–	–
Total comprehensive loss	–	(2)
Includes:		
– Depreciation	–	–
Summarised financial position		
Current assets		
Cash and cash equivalents	–	1,330
Trade and other	–	–
	–	1,330
Non-current assets excluding goodwill	–	–
Total assets	–	1,330
Current liabilities	–	–
Total liabilities	–	–
Net assets	–	1,330
Net assets of joint ventures		
Proportion of the Group's ownership interest	–	40%
Group's share of net assets	–	532
Foreign currency translation	–	–
Impairment loss	–	(30)
Carrying amount of interest in joint ventures at end of the period	–	502

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10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Non-current				
Deposit[1]	–	400	–	–
Prepayment for plant and equipment	–	–	–	–
Prepayment	–	1	–	–
	–	401	–	–

(1) Included in the deposit is a collateral placed with an insurer amounting to $300,000 in connection with rental bond insurance policy as requested by the former landlord (Note 18(c)).

	Group		Company	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Current				
Deposits	**9**	391	–	–
Staff advances	–	16	–	–
Prepayments	**8**	546	**8**	8
GST receivable	**2**	121	**2**	–
Other receivables	**7**	39	**7**	–
Withholding tax recoverable	–	13	–	–
Advance payment to supplier	–	–	–	–
	26	1,126	**17**	8

11. DEFERRED TAX ASSETS

	Group	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
At beginning of year/period	–	(1,086)
Recognised in the profit or loss (Note 28)	–	1,086
At end of year/period	–	–
Presented after appropriate offsetting as follows:		
Deferred tax assets	–	–
Deferred tax liabilities	–	–
	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. DEFERRED TAX ASSETS (CONTINUED)

The components and movement of deferred tax (assets) and liabilities during the financial period/year prior to offsetting are as follows:

	Tax over book depreciation $'000	Unutilised tax losses $'000	Total $'000
2019			
At beginning of the year	–	–	–
Recognised in the profit or loss	–	–	–
At end of the year	–	–	–

	Tax over book depreciation $'000	Unutilised tax losses $'000	Total $'000
2018			
At beginning of the period	472	(1,558)	(1,086)
Recognised in the profit or loss	(472)	1,558	1,086
At end of the period	–	–	–

Deferred tax assets pertain to a subsidiary in Singapore which recorded continuous operating losses, had been fully reversed in previous reporting period as it is not probable that taxable profit will be available against which the losses can be utilised in the foreseeable future. The unrecognised deferred tax assets are disclosed in Note 28.

12. INVENTORIES

	Group	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Statement of financial position		
Trading goods and supplies[1]	–	12,953
Statement of profit or loss and other comprehensive income		
Inventories recognised as an expense in cost of sales	–	34,942
Inclusive of the following charge:		
– Reversal of inventories write-down	–	(453)
– Inventories written off	–	984

(1) This is stated after write-down of $ Nil (2018: $2,117,000) to the lower of cost and net realisable value.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. TRADE RECEIVABLES

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Trade receivables	**11,171**	9,996
Less: Allowance for impairment loss	**–**	(3,080)
	11,171	6,916

Trade receivables are non-interest bearing and are generally on 30 days (2018: 30 to 90 days) term. Trade receivables are not secured by any collateral.

The Group's and Company's trade receivables at the end of the previous financial year were analysed as follows:

	Group As at 31 Dec 2018 $'000
Not past due and not impaired	3,152
Past due but not impaired	
– Past due 0 to 3 months	3,105
– Past due over 3 months	659
	3,764
Past due and impaired trade receivables	3,080
Less: Allowance for impairment loss	(3,080)
	6,916

(a) Not past due and not impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(b) Past due but not impaired

Included in the Group's trade receivable balance are debtors with total carrying amount of approximately $3,764,000 which are past due but not impaired as there has not been a significant change in credit quality and the amounts are deemed recoverable. The Group does not hold any collateral over these balances.

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due but not impaired.

NOTES TO THE FINANCIAL **STATEMENTS**

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13. TRADE RECEIVABLES (CONTINUED)

(c) Impaired receivables

The amounts presented in the statement of financial position are net of allowance for impairment of trade receivables. Trade receivables that are individually determined to be impaired at the end of reporting period relate to debtors that are assessed to be in financial difficulties and have defaulted on payments, which includes an amount of $2,570,000 due from a single customer in Singapore who is now placed under judicial management. These receivables are not secured by any collateral or credit enhancements.

The movement in allowance for impairment of trade receivables is as follows:

	Group As at 31 Dec 2018 $'000
Balance at beginning of period	3,405
Reversal of Allowance made during the period	(273)
Allowance written off	(54)
Translation difference	2
Balance at end of period	3,080

From 1 January 2019, the allowance is computed based on expected credit losses of trade receivables.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follow:

	Group As at 31 Dec 2019 $'000
Movement in allowance accounts:	
At 31 December 2018 under FRS 39	**3,080**
Effects of adoption of SFRS(I) 9 (Note 2.2)	**50**
At 1 January 2019 under SFRS(I) 9	**3,130**
Reversal	**(5)**
Reclassified to disposal group (Note 16)	**(3,125)**
At 31 December 2019	**–**

NOTES TO THE FINANCIAL **STATEMENTS**

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14. DUE FROM SUBSIDIARIES/ASSOCIATES AND JOINT VENTURE COMPANIES DUE TO CONTROLLING SHAREHOLDERS

(a) Amount due from a subsidiary

	Company	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Due from a subsidiary		
– Non-current	**–**	10,569
– Current	**647**	5,933
	647	16,502
Less: Impairment loss	**–**	(16,502)
	647	–

The movement in allowance for impairment loss is as follows:

	Company	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
At beginning of the period/year	**16,502**	–
Additions	**–**	16,502
Reversal	**(16,502)**	–
At end of the period/year	**–**	16,502

The current amounts are non-trade, unsecured, interest-free and repayable on demand.

During the reporting period, the following reversal of impairment has been recognised in 'Other operating income' of the Company:

- An amount of $16,502,000 owed by a subsidiary (KTLO) was settled through an offset with new issue share capital to the Company which is disclosed in Note 8.

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14. DUE FROM SUBSIDIARIES/ASSOCIATES AND JOINT VENTURE COMPANIES DUE TO CONTROLLING SHAREHOLDERS (CONTINUED)

(b) Due from associate and joint venture companies

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Due from associate and joint venture companies		
– associate	–	916
– joint venture	–	1,001
Less: Impairment loss		
– associate	–	(916)
– joint venture	–	(803)
	–	(1,719)
	–	198

The movement in allowance for impairment loss is as follows:

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
At beginning of the year/period	**1,719**	2,179
Reversal	–	(460)
Allowance written off	**(1,719)**	–
At end of the year/period	–	1,719

Amount due from associate and joint venture companies are non-trade, unsecured, interest-free and repayable on demand.

(c) Due to controlling shareholders

Loans due to the controlling shareholders amounting to $ Nil (31 December 2018: $11,625,000) are unsecured and interest-free. The loans shall be repaid in full on such date as may be agreed between the controlling shareholders and the Company, subject to review and approval by the Audit Committee of the Company. As part of the controlling shareholders' financial support to the Group and Company, they have undertaken not to recall payments owing to them, including these loans, unless the Group has sufficient fund to pay other liabilities in full for next 12 months from the reporting date.

As at 31 December 2019, the loan totalling $16,935,000 is classifies as liabilities directly associated with disposal group which is disclosed in Note 16.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. CASH AND BANK BALANCES

	Group		Company	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Cash on hand	–	9	–	–
Cash at banks	**136**	2,444	**91**	748
Cash and cash equivalents presented on the consolidated statement of cash flows	**136**	2,453	**91**	748

16. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

On 22 August 2019, the Group entered into a sale and purchase agreement with the existing shareholder of the subsidiaries, KTL Offshore Pte Ltd ("KTLO") and KTL Investment Pte Ltd ("KTLI") for the disposal of its 100% equity interest in the subsidiaries for a consideration of $10,000. The entire assets and liabilities related to KTLO and KTLI was presented as a disposal group held-for-sale as at 31 December 2019, and the entire results from KTLO and KTLI was presented separately on the statement of comprehensive income as "Discontinued operations" for the year ended 31 December 2019. Thus, the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. The disposal was completed on 22 January 2020.

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	Group	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Revenue	**26,631**	53,803
Other operating income	**1,271**	2,414
Expenses	**(31,337)**	(71,977)
Loss before tax from discontinued operations	**(3,435)**	(15,760)
Tax expenses(Note 28)	**(111)**	(1,110)
Loss after tax from discontinued operations	**(3,546)**	(16,870)

(b) The impact of the discontinued operations on the cash flows of the Group for the financial year ended 31 December 2019 was as follows:

	Group	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Operating cash inflow	**(2,085)**	561
Investing cash inflows	**449**	564
Financing cash inflows	**47**	1,290
Total cash (outflows)/inflows	**(1,589)**	2,415

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16. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(c) Details of the assets of disposal group classified as held-for-sale were as follows:

	Group As at 31 Dec 2019 $'000
Property, plant and equipment	**9,920**
Prepaid land lease	**2,936**
Investment properties	**1,621**
Trade and other receivables	**8,684**
Inventories	**13,822**
Cash and bank balances	**113**
	37,096

(d) Details of the liabilities directly associated with disposal group classified as held-for-sale were as follows:

	Group As at 31 Dec 2019 $'000
Trade and other payables	**12,588**
Bills payables	**4,938**
Due to controlling shareholder	**16,935**
Interest-bearing loans and borrowings	**23,376**
	57,837

(e) Cumulative income recognised in other comprehensive income relating to disposal group classified as held-for-sale were as follows:

	Group As at 31 Dec 2019 $'000
Currency translation differences	**334**

(f) Details of assets of disposal group classified as held-for-sale under Company level were as follows:

	Company As at 31 Dec 2019 $'000
Investment in subsidiary (Note 8)	**1**

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16. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(f) Details of assets of disposal group classified as held-for-sale under Company level were as follows: (Continued)

In accordance with SFRS(I) 5, the Group shall measure a disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell. The fair value less costs to sell is determined based on the selling price for the disposal of KTLO and KTLI of $10,000. As the fair value less costs to sell of $10,000 is higher than the net carrying amount of the disposal group of $20,741,000 net liabilities, there is no further write down on the assets of the disposal group.

The selling price of $10,000 is a non-recurring fair value measure, which was derived using observable inputs, being the quoted prices for similar disposal group in market that are not active and is therefore within level 2 of the fair value hierarchy.

17. BILLS PAYABLES

The total bills payables as at 31 December 2019 amounted to $4,938,000 which is reclassified in the liabilities directly associated with disposal group (Note 16) (31 December 2018: $4,721,000). Bills payables were repayable within 2 to 6 months (31 December 2018: 2 to 6 months) at effective interest rate of 1.6% to 5.7% (31 December 2018: 1.6% to 5.7% per annum). The bills payables were drawn under trust receipts facilities secured by the same securities as Loan 2 as disclosed in Note 19.

18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Non-current				
Provision for staff gratuity[(a)]	–	275	–	–
Other payables[(b)]	–	2,524	–	–
	–	2,799	–	–
Current				
Deposits and advances received	–	86	–	–
Accrued expenses	**206**	1,360	**151**	296
Other payables[(c)]	**131**	5,578	**129**	123
GST payables	–	9	–	4
	337	7,033	**280**	423
Total	**337**	9,832	**280**	423

NOTES TO THE FINANCIAL **STATEMENTS**

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18. OTHER PAYABLES AND ACCRUALS (CONTINUED)

(a) Provision made for end-of-service gratuity payable to employees of a subsidiary in accordance with the labour laws of that jurisdiction.

(b) As announced by the Group on 23 February 2018 relating to the change of registered office, the Group early- terminated the lease of its former registered office. The Group entered into a deed of surrender with the former landlord with effect from 1 March 2018 relating to the compensation payable on early termination and the rental in arrears, amounting to $3,800,000 and $1,500,000 respectively. The total sum of $5,300,000 was repayable by 42 instalments of $126,190 (principal) with monthly interest calculated at 6% per annum, commencing April 2018 to August 2021. According to the payment schedule, an amount of $1,514,000 and $2,524,000 had been included in current and non-current portion of other payables respectively. The entire amount was repayable immediately in event of default or insolvency. As requested by the former landlord, the Group had entered into a rental bond insurance policy with deposit of $300,000 as collateral (Note 10).

(c) Included in other payable (current) was a loan from an individual third party amounting to Nil (31 December 2018: $1,447,000) for working capital purpose, which was unsecured and bear interest at 4% per annum. The loan shall be repaid in full on such date as may be agreed between the third party and the Company, subject to review and approval by the Audit Committee of the Company.

19. INTEREST-BEARING LOANS AND BORROWINGS

Group

	Not later than 1 year $'000	Later than 1 year and not later than 5 years $'000	Later than 5 years $'000	Total $'000
2019				
Lease liabilities	**29**	**51**	**–**	**80**
	29	**51**	**–**	**80**
2018				
Loans[(i)]	24,910	60	–	24,970
Finance lease obligations[(ii)]	498	723	–	1,221
	25,408	783	–	26,191

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19. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(i) Loans

Group

	Classification on Statement of Financial Position				
	Current	Non-current			Amount repayable beyond 12 months based on repayment schedule[i]
	On demand or not later than 1 year $'000	1 year and not later than 5 years $'000	Later than 5 years $'000	Total $'000	$'000
2019					
Loan 1 (secured)[ii]	–	–	–	–	–
Loan 2 (secured)	–	–	–	–	–
Loan 3 (secured)	–	–	–	–	–
Loan 4 (secured)[ii]	–	–	–	–	–
Loan 5 (secured)[iii]	–	–	–	–	–
	–	–	–	–	–
2018					
Loan 1 (secured)[ii]	2,973	–	–	2,973	2,440
Loan 2 (secured)	15,526	–	–	15,526	–
Loan 3 (secured)	436	60	–	496	60
Loan 4 (secured)[ii]	975	–	–	975	828
Loan 5 (secured)[iii]	5,000	–	–	5,000	3,854
	24,910	60	–	24,970	7,182

(i) The total amount repayable after 12 months according to the original instalment schedule.

(ii) As at 31 December 2018, the entire loan was classified as current liabilities due to technical breach of loan covenants

(iii) The loan 5 was under SPRING Singapore's Local Enterprise Finance Scheme and is classified as current liabilities as the facility agreement contains overriding right by the bank to demand immediate repayment of the full facilities at its absolute discretion.

Loan 1 (secured)

The 10-year Singapore dollar ("SGD") denominated term loan of a subsidiary bears interest at 2% (31 December 2018: 2%) per annum over the bank's one-month cost of fund and was repayable in 120 monthly instalments commencing from October 2014. The term loan was secured by a corporate guarantee issued by the Company to the bank, personal guarantee from 3 individuals from Tan Family and leasehold building and prepaid land lease in Malaysia (Notes 4 and 6).

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19. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(i) Loans

Loan 2 (secured)

The 3-year SGD-denominated term loans of a subsidiary bears interest rate at 3% (31 December 2018: 3%) per annum over SIBOR. The loan was repayable over 36 monthly instalments commencing May 2016 and a final payment of $13,917,000 on 22 April 2019, with the option to extend for another two years. Subsequently on 6 May 2019, the Group obtained approval to extend the repayment period by two years.

The loan was secured by:

(i) fixed charges and assignments over first fixed charge on book debts, investment and dividends, uncalled capital and goodwill, intellectual property, plant and machinery and other equipment and floating charges over all assets and undertaking of certain subsidiaries;
(ii) charge over certain bank accounts of the Company and certain subsidiaries;
(iii) pledge of shares and dividend of the Company and certain subsidiaries;
(iv) assignment of all present and future right, title and interest in and to the insurances of a subsidiary;
(v) corporate guarantee by the Company and the 2 subsidiaries in Singapore;
(vi) joint and several personal guarantee by 3 individuals from Tan Family.

Among other terms of the loan, the loan would be cancelled and all amounts accrued shall become immediately due and payable upon the occurrence of a Change of Control, which has been defined to include the Tan Family (meaning Tan Tock Han, Tan Kheng Yeow, Tan Kheng Kuan, each of their respective spouses and children, and Kim Teck Leong Pte. Ltd.) ceasing directly or indirectly to hold beneficially at least 53% (30 June 2017: 53%) of the issued share capital of the Company. As of the date of these financial statements, there was no occurrence of Change of Control and Tan Family had undertaken to continuously comply with this covenant unless approval is obtained from all relevant parties.

Other than the shareholding covenant, the loan was also subject to other loan covenant such as financial covenants relating to profitability and loan servicing ratio which was also in technical breach as at 31 December 2018. Subsequently on 15 May 2019, the Group obtained waiver of compliance with the loan covenants until 31 December 2019.

Loan 3 (secured)

The 5-year SGD-denominated term loan of a subsidiary beared fixed interest rate at 4.75% (31 December 2018: 4.75%) per annum and was repayable over 60 monthly instalments commencing January 2015. The loan was secured by corporate guarantee by the Company, fixed charge over a property owned by and personal guarantee from 2 individuals from Tan Family since March 2016.

Loan 4 (secured)

The SGD-denominated term loan of a subsidiary beared interest rates at 2.95% – 3.64% (31 December 2018: 2.95% – 3.64%) per annum and were repayable in 120 monthly instalments commencing October 2014. The term loan was secured by a corporate guarantee issued by the Company and the investment properties in Malaysia (Note 7).

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19. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(i) Loans (Continued)

Loan 5 (secured)

The SGD-denominated bridging loan under SPRING Singapore's Local Enterprise Finance Scheme beared fixed interest rate at 6.25% (31 December 2018: 6.25%) per annum and was repayable over 72 monthly instalments and first 24 monthly instalments commencing March 2017 shall only service the interest. The loan is secured by corporate guarantee by the Company and personal guarantee from 3 individuals from Tan Family.

(ii) Finance lease obligation

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.2.

	Group As at 31 Dec 2018 $'000
Due within 1 year (current) Minimum lease payment	549
Interest	(51)
Present value of minimum lease payment	498
Due after 1 year less than 5 years (non-current) Minimum lease payment	755
Interest	(32)
Present value of minimum lease payment	723
Finance lease obligations	1,221

These obligations are secured by a charge over the Group's property, plant and equipment (Note 4). Lease terms range from 1 to 5 years. The effective interest rate ranges from 3.9% to 8.3% (31 December 2018: 3.4% to 8.9%) per annum.

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19. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(iii) Reconciliation of liabilities arising from financing activities

		Non-cash changes				
	As at 1 January 2019	Adoption of SFRS(I) 16	New lease during the financial year	Reclassified as part of disposal group	Financing cash flows[i]	As at 31 December 2019
	$'000	$'000	$'000	$'000	$'000	$'000
Loans (Note i)	**24,970**	–	–	(22,534)	(2,436)	**–**
Lease liabilities (Note ii)	**1,221**	719	87	(842)	(1,105)	**80**
Due to controlling shareholders (Note 14(c))	**11,625**	–	–	(16,935)	5,310	**–**
	37,816	719	87	(40,311)	1,769	**80**

		Non-cash changes			
	As at 1 July 2017	Settlement Issued share and debts repayment	New lease during the financial period	Financing cash flows[i]	As at 31 December 2018
	$'000	$'000	$'000	$'000	$'000
Loans (Note i)	32,621	–	–	(7,651)	24,970
Lease liabilities (Note ii)	1,674	–	261	(714)	1,221
Due to controlling shareholders (Note 14(c))	1,000	(1,523)	–	12,148	11,625
	35,295	(1,523)	261	3,783	37,816

(i) The cash flows represent repayments of bank loans and finance lease obligation, and new loans obtained from controlling shareholders presented in the consolidated statement of cash flows.

NOTES TO THE FINANCIAL **STATEMENTS**

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20. SHARE CAPITAL

	Group and Company			
	As at 31 Dec 2019		As at 31 Dec 2018	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
Issued and fully paid:				
At beginning of year/period Issued for set off against outstanding loan owed to controlling	**315,669**	**36,776**	242,525	34,836
shareholders	**–**	**–**	26,144	1,000
Issued for cash	**–**	**–**	47,000	940
At end of year/period	**315,669**	**36,776**	315,669	36,776

On 5 February 2018, the Company allotted and issued 26,143,791 new ordinary shares to controlling shareholders at the issue price of $0.03825 per share, to be set off against the outstanding loan of $1,000,000 owed by the Company to the controlling shareholders (Notes 10 and 19(iii)).

On 23 November 2018, the Company allotted and issued 47,000,000 new ordinary shares at the issue price of $0.02 per share by way of placement to an investor. The proceeds from the share issued amounting to $940,000 is for general working capital and business expansion purposes.

All ordinary shares carry one vote per share without any restriction. The newly issued shares rank pari passu in all respects with previously issued shares. There is no par value for these ordinary shares.

21. TREASURY SHARES

	Group and Company			
	As at 31 Dec 2019		As at 31 Dec 2018	
	Number of ordinary shares '000	$'000	Number of ordinary shares '000	$'000
At beginning of year/period	**–**	**–**	1,915	(286)
Reissued pursuant to KTL Performance Share Scheme (Note 22)	**–**	**–**	(1,915)	56
Loss on reissuance transferred to treasury shares reserve	**–**	**–**	–	230
Adjustment to treasury share reserve	**–**	**–**	–	–
At end of year/period	**–**	**–**	–	–

Treasury shares relate to ordinary shares of the Company that were held by the Company.

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22. RESERVES

(a) Treasury shares reserve

Treasury shares reserve represents the gain or loss arising from purchase, sales, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (where in cash or otherwise) of the Company's assets may be made in respect of this reserve.

(b) Statutory reserve fund

In accordance with the Implementing Regulations of the Hamriyah Free Zone Authority applicable to a subsidiary in the Hamriyah Free Zone, United Arab Emirates, the subsidiary is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% (31 December 2018: 10%) of the statutory profits after tax as determined in accordance with the applicable accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% (31 December 2018: 50%) of the subsidiary's paid up share capital. The reserve is not available for distribution except as provided in the Federal Law of Hamriyah Free Zone.

(c) Employee equity benefit reserve

The Company had adopted the KTL Performance Share Scheme (the "Scheme") on 23 October 2009. The Scheme is administered by the remuneration committee. Under the Scheme, awards of fully-paid ordinary shares in the capital of the Company in the form of existing shares ("Award") held as treasury shares will be delivered free of charge, to selected employees of the Group and other selected participants. The aggregate number of shares which may be delivered under the Scheme shall not exceed 15% of the total issued shares of the Company (excluding treasury shares) from time to time. Further details on the Scheme are set out in the circular to shareholders dated 7 October 2009 issued by the Company.

23. REVENUE

	Group	
	31 Dec 2019	1 Jul 2017 to 31 Dec 2018
	$'000	$'000
Revenue from BOP services	**13,686**	–
Timing of transfer of good or services:		
At a point of time	**–**	–
Over time	**13,686**	–
	13,686	–

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23. REVENUE (CONTINUED)

(a) Contract liabilities

	Group	
	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Contract Liabilities		
BOP services contract	**2,910**	–
Total contract liabilities	**2,910**	–

Contract liabilities represent the excess of progress billings to clients over revenue recognised in profit or loss at the end of the reporting period.

(i) Revenue recognised in relation to contract liabilities:

	Group	
	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Revenue recognised in current year that was included in the contract liability balance at the beginning period		
BOP services contract	**–**	–

(ii) Unsatisfied performance obligations:

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, is not disclosed.

24. OTHER OPERATING (INCOME)/EXPENSES

	Group	
	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Other operating income		
Foreign exchange gain – net	**(74)**	–
	(74)	–
Other operating expenses		
Foreign exchange loss – net	**–**	74
	–	74

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. PERSONNEL EXPENSES

	Group	
	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Salaries, bonuses and allowances[(i)]	**1,270**	2,145
Contributions to defined contribution plan[(i)]	**25**	59
	1,295	2,204

(i) Includes directors' remuneration as disclosed in Note 30.

26. FINANCE COSTS

	Group	
	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Interest expense on:		
– Lease obligations	**8**	–
	8	–

27. PROFIT/(LOSS) BEFORE TAX

This determined after charging the following:

		Group	
	Note	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Depreciation of property, plant and equipment	4	**12**	–
– Audit fees			
– Auditors of the Company		**32**	38
– Other auditors		**15**	24

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. INCOME TAX EXPENSES

	Group	
	31 Dec 2019	**1 Jul 2017 to 31 Dec 2018**
	$'000	**$'000**
Tax expenses attributable to profit is made up of:		
Profit for the financial year:		
From continuing operations		
Current income tax		
– Singapore	**2,030**	53
	2,030	53
From discontinued operations		
Current income tax		
– Foreign	**111**	24
	2,141	77
Deferred income tax (Note 11)	**–**	1,086
	2,141	1,163
Over provision in prior financial period:		
From continuing operations		
Current income tax	**(11)**	(42)
	2,130	1,121
Tax expense is attributable to:		
– continuing operations	**2,019**	11
– discontinued operations (Note 16)	**111**	1,110
	2,130	1,121

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. INCOME TAX EXPENSES (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	31 Dec 2019	**1 Jul 2017 to 31 Dec 2018**
	$'000	**$'000**
Profit/(loss) before tax from:		
– continuing operations	**10,814**	(2,725)
– discontinued operations (Note 16)	**(3,435)**	(15,760)
	7,379	(18,485)
Tax calculated at tax rate of 17% (2018: 17%)	**1,254**	(3,143)
Effect of:		
Non-deductible expenses	**683**	1,311
Tax incentives	**–**	(324)
Non-taxable income	**(433)**	(309)
Over provision in respect of previous years		
– current income tax	**(11)**	(42)
– deferred tax assets	**–**	1,086
Deferred tax assets not recognised	**668**	2,686
Effect of difference in tax rates in other countries	**(31)**	(165)
Withholding tax	**–**	24
Others	**–**	(3)
Income tax expenses	**2,130**	1,121

At the end of the reporting period, the Group has deductible temporary difference from plants and machinery and tax losses of approximately $18,193,000 and $34,233,000 (31 December 2018: $17,678,000 and $30,617,000) that are available to offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The tax loss has no expiry. The use of these unutilised tax losses is subject to the agreement by the tax authority and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

The Company and subsidiaries in Singapore

The Company and subsidiaries in Singapore are subjected to an applicable tax rate of 17% (31 December 2018: 17%). Certain subsidiaries are in a tax loss position hence they are not subjected to tax in the current and previous years.

Subsidiaries in Malaysia

Subsidiaries in Malaysia are subjected to an applicable tax rate of 24% (31 December 2018: 24%). The subsidiaries are in a tax loss position hence they are not subjected to tax in the current and previous years.

NOTES TO THE FINANCIAL **STATEMENTS**

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28. INCOME TAX EXPENSES (CONTINUED)

Subsidiary in United Arab Emirates

Subsidiary incorporated in United Arab Emirates is exempted from income tax.

Subsidiary in Indonesia

Subsidiary in Indonesia is subjected to an applicable tax rate of 25% (31 December 2018: 25%).

29. LOSS PER SHARE

(i) Basic loss per share

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

	31 Dec 2019 $'000	1 Jul 2017 to 31 Dec 2018 $'000
Net loss attributable to equity holders of the Company		
Profit/(loss) from continuing operations	**2,319**	(2,716)
Loss from discontinued operations	**(3,566)**	(16,920)
	(1,247)	(19,636)

(ii) Diluted loss per share

For the purpose of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

Diluted loss per share are calculated by dividing loss for the year/period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year/period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares as at 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. LOSS PER SHARE (CONTINUED)

(ii) Diluted loss per share (Continued)

The following table reflects the loss and number of shares used in the computation of basic and diluted loss per share for the year/period ended 31 December 2019 and 31 December 2018:

	Group	
	31 Dec 2019	**1 Jul 2017 to 31 Dec 2018**
Weighted average number of ordinary shares outstanding for basic/diluted loss per share ('000)	**315,669**	260,493
Basic loss per share (cents) attributable to owners of the Company		
From continuing operations	**0.73**	(1.04)
From discontinued operations	**(1.13)**	(6.50)
Total loss per share	**(0.40)**	(7.54)
Diluted loss per share (cents) From continuing operations	**0.73**	(1.04)
From discontinued operations	**(1.13)**	(6.50)
Total diluted loss per share	**(0.40)**	(7.54)

30. RELATED PARTY INFORMATION

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and 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 Group or Company or of a parent of the Company.

(b) An entity is related to the Group and 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 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 entity 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 is itself such a plan, the sponsoring employers are also related to the Company.

NOTES TO THE FINANCIAL **STATEMENTS**

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30. RELATED PARTY INFORMATION (CONTINUED)

(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).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Compensation of directors and key management personnel remuneration

The remuneration of directors and other members of key management during the financial year are as follows:

	Group	
	31 Dec 2019	**1 Jul 2017 to 31 Dec 2018**
	$'000	**$'000**
Key management personnel compensation		
Salaries, bonuses and allowances	**825**	1,852
Directors fee	**303**	293
	1,128	2,145
Employer's contribution to defined contribution plans	**25**	59
	1,153	2,204

31. COMMITMENTS

(i) Contingent liabilities

Corporate guarantees

The Company has issued corporate guarantees to certain banks in respect of banking facilities utilised amounting to $23,376,000 (31 December 2018: $29,691,000) granted to wholly-owned subsidiaries. As at 31 December 2019 and 31 December 2018, the corporate guarantees have not been recognised as management does not consider it probable that a claim will be made against the Company under the guarantee in view of other security available. In addition, the corporate guarantees have been discharged after 31 December 2019.

NOTES TO THE FINANCIAL **STATEMENTS**

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31. COMMITMENTS (CONTINUED)

(ii) Operating lease commitments – where the Group is a lessee

The Group has entered into commercial leases on office premises. These leases have an average tenure of between 1 and 2 years, with options to renew the lease after that date. None of the lease includes contingent rentals.

	Group As at 31 Dec 2018 $'000
Future minimum lease payments	
– Not later than 1 year	991
– Later than 1 year and not later than 5 years	161
– Later than 5 years	–
	1,152

As disclosed in Note 2.2, the Group has adopted SFSR(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the balance sheet as at 31 December 2019, except for short-term and low value leases.

(iii) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties under operating lease.

	Group	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Future minimum lease payments		
– Not later than 1 year	–	74[(i)]
– Later than 1 year and not later than 5 years	–	43[(i)]
	–	117

(i) On 24 January 2019, the lease was early terminated by tenant.

(iv) Future capital expenditure

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements, are as follows:

	Group	
	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
In respect of property, plant and equipment	–	88

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32. SEGMENT INFORMATION

Business segment

As the Group operates principally in a single business segment which is the provider of BOP Services, no reporting by business operations is presented.

Geographical segment

As the business of the Group is engaged entirely in the People's Republic of China, no reporting by geographical location of operations is presented.

33. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risks (interest rate risk and foreign currency risk), liquidity risk and credit risk. The Group's risk management approach seeks to minimise the potential material adverse impact of these exposures.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Market risk

(a) Foreign exchange risk

The Group is exposed to foreign currency risk on BOP services that are denominated in a currency other than the functional currencies of Group's entities.

The currencies that give rise to this risk mainly include Renminbi "RMB".

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

The Group manages foreign currency risk by matching assets and liabilities in the same currency denomination. The Group does not use derivative financial instruments to mitigate the financial impact associated with foreign currency fluctuation from its businesses.

Group **31 Dec 2019**	**Singapore dollars** **$'000**	**Renminbi** **$'000**	**Total** **$'000**
Financial assets			
Cash and bank balances	**136**	**–**	**136**
Trade receivables	**–**	**11,171**	**11,171**
Other receivables	**16**	**–**	**16**
Intragroup receivables	**647**	**–**	**647**
	799	**11,171**	**11,970**
Financial liabilities			
Trade payables	**29**	**1,180**	**1,209**
Other payables and accruals	**337**	**–**	**337**
Interest-bearing loans and borrowings	**80**	**–**	**80**
Intragroup payables	**647**	**–**	**647**
	1,093	**1,180**	**2,273**
Net financial (liabilities)/assets	**(294)**	**9,991**	**9,697**
Less: Net financial assets denominated in the respective entities' functional currencies	**294**	**–**	**294**
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies.	**–**	**9,991**	**9,991**

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Group 31 Dec 2018	Singapore dollars $'000	United States dollars $'000	Euro $'000	Malaysian Ringgit $'000	AED $'000	IDR $'000	Total $'000
Financial assets							
Cash and bank balances	1,026	16	1,126	50	78	157	2,453
Trade receivables	1,425	2,437	1,276	199	–	1,579	6,916
Other receivables	501	64	29	90	135	27	846
Due from a joint venture company	198	–	–	–	–	–	198
Intragroup receivables	45,242	1,403	782	2,678	–	501	50,606
	48,392	3,920	3,213	3,017	213	2,264	61,019
Financial liabilities							
Interest bearing loans and borrowings	26,153	–	–	38	–	–	26,191
Bill payables	116	2,460	2,145	–	–	–	4,721
Trade payables	1,557	2,459	546	112	16	453	5,143
Other payables and accruals	8,333	636	–	363	–	216	9,548
Due to a director	11,625	–	–	–	–	–	11,625
Intragroup payables	45,242	1,403	782	2,678	–	500	50,605
	93,026	6,958	3,473	3,191	16	1,169	107,833
Net financial (liabilities)/assets	(44,634)	(3,038)	(260)	(174)	197	1,095	(46,814)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional	12,447	2,760	–	(1,464)	–	(1,095)	12,648
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies.	(32,187)	(278)	(260)	(1,638)	197	–	(34,166)

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Company 31 Dec 2019	**Singapore dollars $'000**	**Renminbi $'000**	**Total $'000**
Financial assets			
Cash and bank balances	**91**	**–**	**91**
Other receivables	**7**	**–**	**7**
Intragroup receivables	**647**	**–**	**647**
	745	**–**	**745**
Financial liabilities			
Trade payables	**29**	**–**	**29**
Other payables and accruals	**280**	**–**	**280**
	309	**–**	**309**
Net financial assets	**436**	**–**	**436**
Less: Net financial assets denominated in the respective entities' functional currencies	**(436)**	**–**	**(436)**
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies.	**–**	**–**	**–**

Company 31 Dec 2018	**Singapore dollars $'000**	**Renminbi $'000**	**Total $'000**
Financial assets			
Cash and bank balances	748	–	748
Financial liabilities			
Other payables and accruals	419	–	419
Net financial (liabilities)/assets	329	–	329
Less: Net financial assets denominated in the respective entities' functional currencies	(329)	–	(329)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies.	–	–	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Market risk (Continued)

(a) Foreign exchange risk (Continued)

Foreign exchange risk sensitivity

If the above currencies change against the SGD by 3% (2018: 3%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	2019 Increase/ (decrease) Net profit $	**2018 Decrease/ (increase) Net loss $**
GROUP		
RMB against SGD		
– Strengthened	**249**	–
– Weakened	**(249)**	–
USD against SGD		
– Strengthened	**–**	(7)
– Weakened	**–**	7
EUR against SGD		
– Strengthened	**–**	(6)
– Weakened	**–**	6
MYR against SGD		
– Strengthened	**–**	(41)
– Weakened	**–**	41
AED against SGD		
– Strengthened	**–**	5
– Weakened	**–**	(5)

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Market risk (Continued)

(b) Interest rate risk

The Group obtains additional financing through bank borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure. The Group constantly monitors its interest rate risk and does not utilise interest rate swap or other arrangements for trading or speculative purposes. As at reporting date, there were no such arrangements, interest rate swap contracts or other derivative instruments outstanding.

The following table sets out the carrying amount of the Group's interest-bearing financial instruments:

		Group	
	Note	As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Fixed rate instruments			
Financial liabilities – bills payables	17	–	(4,721)
Financial liabilities – other payable	18	–	(5,485)
Financial liabilities – interest-bearing loans and borrowings	19	**(80)**	(6,717)
		(80)	(16,923)
Variable rate instruments			
Financial liabilities – interest-bearing loans and borrowings	19	–	(19,474)

Interest in financial instruments subject to floating interest rates is repriced regularly. Interests on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

Interest risk sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting periods in the case of instruments that have floating rates. A 75 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If the interest rates had been 75 basis point higher or lower and all other variables were held constant, the Group's profit/(loss) for the year ended 31 December 2019 would decrease/(increase) by $ Nil (31 December 2018: $121,000). This mainly attributable to the Group's exposure to interest rates on its variable rates borrowings.

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of financial assets and financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash to meet normal operating commitments. There have been no changes to this policy during the financial year.

The table below analyses the Group's financial liabilities exposure into relevant maturity groupings based on contractual undiscounted cash flows.

Analysis of financial instruments by remaining contractual maturities.

The table below summarises the maturity profile of the Group's and Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	Carrying Amount $'000	Less than 1 year $'000	Later than 1 year and not later than 5 years $'000	Over 5 years $'000
31 Dec 2019				
Financial assets				
Trade receivables (Note 13)	**11,171**	**11,171**	**–**	**–**
Other receivables (Note 10)	**16**	**16**	**–**	**–**
Cash and bank balances (Note 15)	**136**	**136**	**–**	**–**
Total undiscounted financial assets	**11,323**	**11,323**	**–**	**–**
Financial liabilities				
Trade payables	**1,209**	**1,209**	**–**	**–**
Other payables (Note 18)	**337**	**337**	**–**	**–**
Interest bearing loans and borrowings (Note 19)	**80**	**29**	**51**	**–**
Total undiscounted financial liabilities	**1,626**	**1,575**	**51**	**–**
Total net discounted financial assets/(liabilities)	**9,697**	**9,748**	**(51)**	**–**

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity risk (Continued)

Group	Carrying Amount $'000	Less than 1 year $'000	Later than 1 year and not later than 5 years $'000	Over 5 years $'000
31 Dec 2018				
Financial assets				
Trade receivables (Note 13)	6,916	6,916	-	–
Other receivables (Note 10)	846	445	401	–
Amounts owing by associate and joint venture (Note 14(b))	198	198	–	–
Cash and bank balances (Note 15)	2,453	2,453	–	–
Total undiscounted financial assets	10,413	10,012	401	–
Financial liabilities				
Trade payables	5,143	5,143	–	–
Bill payables (Note 17)	4,721	4,721	–	–
Other payables (Note 18)	9,737	6,938	2,799	–
Due to controlling shareholders (Note 14 (c))	11,625	11,625	–	–
Interest bearing loans and borrowings (Note 19)	26,191	25,408	783	–
Total undiscounted financial liabilities	57,417	53,835	3,582	–
Total net discounted financial liabilities	(47,004)	(43,823)	(3,181)	–

(iii) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in a loss to the Group. The Group's exposure to credit risk mainly relates to the cash and bank balance and trade and other receivables.

The Group limits its credit risk exposures in respect of cash and bank balances are placed with major banks and financial institutions.

For trade and other receivables, the management has a credit policy in place and the exposure of credit risk is monitored on an ongoing basis to minimise credit risk. Monies due from customers are followed up, reviewed on a regular basis to understand the reasons, if any, of non-payment or delay in payment so that appropriate action can be implemented promptly. Credit risks of individual counterparties are restricted by credit limits that are approved based on ongoing credit evaluations.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

In relation to the corporate guarantees issued by the Company on behalf of its subsidiaries, the credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiaries.

Where applicable, the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Where applicable, the Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 60 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss ("ECL")
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >60 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Group's and Company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	GROUP Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2019						
Trade receivables	13	Note A	Lifetime ECL (simplified)	**11,171**	**–**	**11,171**
Other receivables	10	Note B	12-month ECL	**16**	**–**	**16**
Cash and bank balances	15	Note B	12-month ECL	**136**	**–**	**136**
					–	

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

	Note	Category	12-month or lifetime ECL	GROUP Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2018						
Trade receivables	13	Note A	Lifetime ECL (simplified)	**9,996**	**(3,080)**	**6,916**
Other receivables	10	Note B	12-month ECL	**846**	**–**	**846**
Cash and bank balances	15	Note B	12-month ECL	**2,453**	**–**	**2,453**
					(3,080)	

	Note	Category	12-month or lifetime ECL	Company Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
31 December 2019						
Other receivables	10	Note B	12-month ECL	**7**	**–**	**7**
Cash and bank balances	15	Note B	12-month ECL	**91**	**–**	**91**
					–	
1 January 2019						
Cash and bank balances	15	Note B	12-month ECL	**748**	**–**	**748**
					–	

Trade receivables of the Group (Note A)

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using debtor by debtor basis since the trade receivables of the Group consisted only four third parties. ECL is estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Upon adoption of SFRS(I) 9 Financial Instruments, the Group has recognized an additional impairment loss of $50,000 on the Group's trade receivables, resulting in an increase in accumulated losses of $ 50,000 as at 1 January 2019.

During the current financial year, an amount $5,000 of reversal of impairment loss has been made recognized in profit or loss upon adoption of SFRS(I) 9.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

Trade receivables of the Group (Note A) (Continued)

Subsequent to the year end, $4,000,000 was received. The remainder of $7,171,000 was structured as a repayment plan to be paid from September 2020 to March 2021. The management is of the view that the repayment plan is necessary to facilitate collection in view of businesses being constrained by consequences of COVID-19.

Summarised below is the information about the credit risk exposure and ECL on the Group's trade receivables using provision matrix:

	Trade receivable Days past due				
	Current $'000	More than 30 days past due $'000	More than 60 days past due $'000	More than 90 days past due $'000	Total $'000
31 December 2019					
Total gross carrying amount	**3,868**	**1,945**	**3,396**	**1,962**	**11,171**
ECL	**–**	**–**	**–**	**–**	**–**
					11,171

	Trade receivables Days past due				
	Current $'000	More than 30 days past due $'000	More than 60 days past due $'000	More than 90 days past due $'000	Total $'000
1 January 2019					
Total gross carrying amount	**3,051**	**3,161**	**45**	**3,739**	**9,996**
ECL	**(18)**	**(25)**	**(4)**	**(3,083)**	**(3,130)**
					6,866

Information regarding loss allowance movement of trade receivables disclosed in Note 13.

Other receivables and cash and bank balances (Note B)

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Credit risk (Continued)

Other receivables and cash and bank balances (Note B) (Continued)

Exposure to credit risk and credit risk concentration profile

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
Corporate guarantees provided to		
– Subsidiaries' loans	**23,376**	29,691

The Group's trade receivables comprise 4 debtors (31 December 2018: 5) who are located in People's Republic China that represented 100% ((31 December 2018: who are multi-industry conglomerates (including offshore oil and gas and marine) located in Singapore and overseas that represented 47%)) of trade receivables.

The average credit period on sales of goods is 30 days (31 December 2018: 30 to 90 days). No interest is charged on the trade receivables on the outstanding balance.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	As at 31 Dec 2019 $'000	**As at 31 Dec 2018 $'000**
By geographical areas:		
– Singapore	**–**	1,327
– Indonesia	**–**	1,487
– Rest of Asia	**–**	1,941
– Middle East	**–**	1,330
– Other countries	**–**	831
– People's Republic of China	**11,171**	–
	11,171	6,916

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Financial instruments by category

At the reporting date, the aggregate carrying amount of financial assets at amortised cost and financial liabilities at amortised cost are as follows:

	GROUP		COMPANY	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Financial assets measured at amortised cost				
Trade receivables (Note 13)	**11,171**	6,916	**–**	–
Other receivables (Note 10)	**16**	846	**7**	–
Amounts owing by associate and joint venture (Note 14(b))	**–**	198	**–**	–
Cash and bank balances (Note 15)	**136**	2,453	**91**	748
Total financial assets measured at amortised cost	**11,323**	10,413	**98**	748
Financial liabilities measured at amortised cost				
Trade payables	**1,209**	5,143	**29**	–
Bill payables (Note 17)	**–**	4,721	**–**	–
Other payables (Note 18)	**337**	9,737	**280**	419
Due to controlling shareholders (Note 14 (c))	**–**	11,625	**–**	–
Interest bearing loans and borrowings	**80**	26,191	**–**	–
Total financial liabilities measured at amortised cost	**1,626**	57,417	**309**	419

(v) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years/period ended 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(v) Capital risk (Continued)

The capital structure of the Group consists of equity attributable to equity holders of the Company.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as trade and other payables and bill payables and due to controlling shareholder plus Interest-bearing loans plus less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Note	Group	
		As at 31 Dec 2019 $'000	As at 31 Dec 2018 $'000
Interest-bearing loans and borrowings	19	**80**	26,191
Bills payables	17	**–**	4,721
Trade payables		**1,209**	5,143
Other payables and accruals	18	**337**	9,832
Due to controlling shareholders	14	**–**	11,625
Less: Cash and cash equivalents	15	**(136)**	(2,453)
Net debts		**1,490**	55,059
Equity attributable to the owners of the Company		**–**	–
Less: Statutory reserve fund		**(15)**	(15)
Total capital		**(15)**	(15)
Capital and net debt		**1,475**	55,044
Gearing ratio		**100%**	100%

The Group is not subject to any externally imposed capital requirements for the financial year/period ended 31 December 2019 and 31 December 2018.

(vi) Fair Value measurements

(a) Fair value of financial instruments that are carried at fair value on a recurring or non-recurring basis

At the reporting date, there are no financial instruments in this category.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(vi) Fair Value measurements (Continued)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of the loan with fixed interest rate and amount due to former landlord are not disclosed as there is no market data for alternative financing to the Group on similar term.

34. COMPARATIVE FIGURES

On 29 June 2018, the Company changed its financial year end from 30 June to 31 December. Accordingly, the prior financial period covers a period of 18 months from 1 July 2017 to 31 December 2018. Hence, the comparative figures stated in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes are not comparable.

35. EVENTS OCCURRING AFTER BALANCE SHEET DATE

(i) Entry into Joint Venture

The Group has on 28 February 2020 entered into a joint venture agreement (the "JVA") with In Nany Sing Charlie (the "JV Partner"). The JV Partner is a businessman and has extensive experience in trading, business management, capital sourcing, consulting, marketing, mergers and acquisitions. The JV Partner is also an existing joint venture partner of the Company in relation to its 80%-owned subsidiary, Bluegas Private Limited, further details of which can be found in the announcement dated 29 November 2018.

The newly-incorporated Singapore private limited company, Kimtech Private Limited (the "JVC"), will have a total issued and paid-up share capital of S$100 divided into 100 shares. The JVC will be engaged in the provision of management services in software, information system and fintech to small and medium enterprises in the medical, food and beverage, and business services verticals or such other business as the parties may agree upon from time to time (the "JVC Business").

Pursuant to the JVA, the Company will hold an equity interest of 51% and the JV Partner will hold an equity interest of 49% respectively in the JVC. The contribution of the equity interest by the Company will be funded through the Group's internal resources and entering into the JVA is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the next financial year.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. EVENTS OCCURRING AFTER BALANCE SHEET DATE (CONTINUED)

(ii) The impact due to recent Covid-2019 outbreak

The Board wishes to update shareholders and potential investors of the Company of the impact on its BOP services and business in the People's Republic of China ("PRC") due to the recent COVID-19 outbreak. In view of the lockdown in PRC in response to the COVID-19 outbreak, Bluegas Private Limited ("Bluegas"), the 80%-owned subsidiary of the Group, has suspended its BOP services to its clients based in PRC since February 2020. The Covid-19 outbreak has resulted in a significant impact on Bluegas'clients in PRC, and on Bluegas itself, as its clients have been hindered from performing their obligations under their BOP service agreements due to the COVID-19 outbreak. Consequently, Bluegas has therefore received requests from its clients to delay the billing and performance of BOP services until their businesses are ready to fully operate.

In this regard, Bluegas is still in discussions with its clients on the timeline for resumption of BOP services. This depends on, inter alia, when the social and commercial situation in PRC is fully restored, and also on the cash flow situation of Bluegas' clients. Although the government in PRC has started to lift the business, transportation and movement restrictions in all major cities in PRC, return to normalcy may vary and depend on the location and specific industry. In addition, local workers who travel between provinces are still required to obtain negative COVID-19 certificates (being medical certificates evidencing that they tested negative for COVID-19) and may still be subject to a mandatory quarantine for up to 21 days.

As the Group values and practises long-term sustainable business practices, it will not hesitate to grant certain relief measures to help its clients in terms of business continuity in response to the unprecedented COVID-19 outbreak. Barring any unforeseen circumstance, the Group is of the view that the suspension of the BOP services is temporary in nature and will not affect the Group's business sustainability in the long term.

36. THE REASONS OF HIGH CONTRIBUTION WITH RESPECT TO PROFIT BEFORE TAX OF BLUEGAS PRIVATE LTD ("BLUEGAS"), AN 80% OWNED SUBSIDIARYOF THE COMPANY ARE AS FOLLOWS:

(i) Premium service fee derived from listed company's branding and well-established integrated business solution – The Joint Venture ("JV") partner and the Bluegas service team collectively have put extensive effort to develop the Branding, Operation and Procurement ("BOP") business model and service components as well as own diverse intangible resources which are not recognised as an asset on the book of the Company, including but not limited to,

(a) branding management process, approach and promotion channels. Brand is the key asset and warranty to running business in medical related sector in PRC as the PRC consumer market is particularly brand loyal;

(b) centralised management and procurement system, point of sales network, technical and operating manual, maintenance procedures, internal control system, operation training process, logistic facilitates;

(c) experiences and talents of the JV partner, PRC Medical-related industry know how, management expertise, network with local government and authorities concerned, the relationship with auto vending kiosks' and products' suppliers, connection with operating points like hospitals and clinics, industry related legal knowledge.

NOTES TO THE FINANCIAL **STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. THE REASONS OF HIGH CONTRIBUTION WITH RESPECT TO PROFIT BEFORE TAX OF BLUEGAS PRIVATE LTD ("BLUEGAS"), AN 80% OWNED SUBSIDIARYOF THE COMPANY ARE AS FOLLOWS:(CONTINUED)

The JV partner and Bluegas service team utilise the abovementioned resources and components to provide clients with a one-stop business solution which facilitates a client without related business knowledge or resource to participate in the medical consumable business. Moreover, the clients would not be able to set up auto vending kiosk ("AVK") business in booming sales points, i.e. at state-owned hospitals and clinics in China without Bluegas to bridge over. Therefore, our clients are willing to pay for a premium fixed service fee to outsource virtually all the core business processes to Bluegas to build passive income from their business in a hands-off way.

(ii) BOP service requires low level of variable overhead and low marginal cost of service – The performance of BOP service does not incur substantial overhead costs at Bluegas level but heavily relies on utilisation of the BOP business model, service components and other intangible resources owned by the JV partner. The continuing servicing cost on Bluegas' book comprises mainly of the fixed staff cost of the Bluegas back-office servicing team and other fixed operating expenses, while most of the variable costs, for an instance, seconded servicing staff cost, travelling and spare parts costs are to be borne by the clients pursuant to the BOP service agreement.

As such, the marginal cost to Bluegas does not materially surge in tandem with the servicing volume thanks to the centralised management system, standardised operating process as well as knowledge- and talent-intensive business nature.

(iii) Bluegas is the first mover and the first of its kind in the industry – Bluegas is the first auto vending service provider in the medical consumables and supplies market getting into the state-owned hospital and clinic sale points. In light of the recent PRC government medical industry reforms, the medical consumables and supplies market which was previously protected under the PRC government has been partially opened for entry, and hence the existence of such empty niche contributed to our high profit margin as the firstmover advantages.

Our auto vending kiosks are also the first smart platform in China integrating auto vending of medical-related consumables and supplies, internet of things, digital advertisement, body measuring technology, and electronic payment. Our client can enjoy not only a stable return from the sales of medical consumables, but also various sideline income, for an instance, filter ads income and sales of big data.

Alongside the medical industry reforms in PRC resulting in the new opportunities in the medical consumable market, this explain the willingness of our clients to pay a premium service fee for our BOP service.

37. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with are solution of the Board of Directors of KTL Global Ltd on 12 June 2020.

SHAREHOLDING **STATISTICS**

AS AT 8 JUNE 2020

Issued and paid-up capital	:	$39,653,920.88
Number of shares	:	315,669,019
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company holds no treasury shares.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 8 June 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 – 99	13	1.53	113	–
100 – 1,000	28	3.30	19,437	0.01
1,001 – 10,000	291	34.32	1,777,526	0.56
10,001 – 1,000,000	496	58.49	44,533,018	14.11
1,000,001 – and above	20	2.36	269,338,925	85.32
Grand Total	**848**	**100.00**	**315,669,019**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 8 June 2020

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(1)
Director						
Tan Kheng Kuan(2)	977,756	0.31	123,200,000	39.03	124,177,756	39.34
Liu Changsheng(3)	–	–	47,879,000	15.17	47,879,000	15.17
Substantial Shareholder						
Tan Tock Han(2)	20,691,691	6.55	123,200,000	39.03	143,891,691	45.58
Shum Ching Yee(2)	–	–	123,200,000	39.03	123,200,000	39.03
Kim Teck Leong Pte. Ltd.	123,200,000	39.03	–	–	123,200,000	39.03
Changsheng Investment Development Limited	47,879,000	15.17	–	–	47,879,000	15.17

Notes:

(1) Calculated based on the Existing Issued Share Capital of 315,669,019 Shares.

(2) Tan Kheng Kuan, Tan Tock Han and Shum Ching Yee are deemed to have an interest in 123,200,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act.

(3) Liu Changsheng holds 100% of the issued and paid-up share capital of Changsheng Investment Development Limited and, accordingly, is deemed to have an interest in the ordinary shares in the capital of the Company held by Changsheng Investment Development Limited.

SHAREHOLDING **STATISTICS**

AS AT 8 JUNE 2020

TWENTY LARGEST SHAREHOLDERS

As at 8 June 2020

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	KIM TECK LEONG PTE. LTD.	123,200,000	39.03
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	48,696,015	15.43
3	DBS NOMINEES PTE LTD	20,831,216	6.60
4	TAN TOCK HAN	20,691,691	6.55
5	BERETTA MARK GARETH JOSEPH	13,072,903	4.14
6	SUNG SIL KWON	9,450,000	2.99
7	UOB KAY HIAN PTE LTD	6,239,600	1.98
8	TAN CHEE LIN	3,830,500	1.21
9	TANG GAR KEOW @ANGIE TANG	3,346,600	1.06
10	MAYBANK KIM ENG SECURITIES PTE. LTD	3,142,900	1.00
11	KGI SECURITIES (SINGAPORE) PTE. LTD	3,000,000	0.95
12	CITIBANK NOMINEES SINGAPORE PTE LTD	2,290,200	0.73
13	CHAN HING KA ANTHONY	1,680,000	0.53
14	POH THEEN SIAH GEORGE	1,622,800	0.51
15	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,599,500	0.51
16	TING LAY CHOO	1,569,000	0.50
17	EASTERN NAVIGATION PTE LTD	1,422,400	0.45
18	ABN AMRO CLEARING BANK N.V.	1,346,900	0.43
19	THAM KENG SOON	1,303,500	0.41
20	NG SENG HONG	1,003,200	0.32
	Total	**269,338,925**	**85.33**

FREE FLOAT

Based on the information provided to the Company as at 8 June 2020, approximately 38.81% of the issued ordinary shares (excluding treasury shares) of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL **GENERAL MEETING**

KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting (the "**AGM**") of KTL Global Limited (the "**Company**") will be held by electronic means on Monday, 29 June 2020 at 4.00 p.m. for the following purposes, as set out below.

This Notice has been made available on SGXNET and the Company's website and may be accessed at the URL www.ktl.group. A printed copy of this Notice will NOT be despatched to members.

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2019, together with the Directors' Statement and Independent Auditors' Report.

2. To note the retirement of Mr Tan Kheng Kuan, who is retiring by rotation pursuant to Article 104 of the Company's Constitution.

3. To note the retirement of Mr Lim Yeow Hua @ Mr Lim You Qin, who is retiring by rotation pursuant to Article 104 of the Company's Constitution.

Resolution 2

4. To re-elect Mr Chong Eng Wee who is retiring pursuant to Article 114 of the Company's Constitution and who, being eligible, is offering himself for re-election as a Director.

   *Mr Chong Eng Wee, will upon re-election as a Director, remain as the Chairman of the Nomination Committee, Chairman of the Remuneration Committee, a member of the Audit Committee and Performance Share Scheme Committee, and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

Resolution 3

5. To re-elect Mr Tso Sze Wai who is retiring pursuant to Article 114 of the Company's Constitution and who, being eligible, is offering himself for re-election as a Director.

   *Mr Tso Sze Wai, will upon re-election as a Director, remain as member of the Audit Committee, member of the Nomination Committee, member of the Remuneration Committee and member of the Performance Share Scheme Committee, and the Board considers him to be independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").*

Resolution 4

6. To approve the payment of Directors' fees of S$163,000 for the financial year ending 31 December 2020 (FY2019: S$186,000).

NOTICE OF ANNUAL **GENERAL MEETING**

Resolution 5

7. To re-appoint RT LLP as Auditors of the Company and to authorise the Directors to set their remuneration.

8. To transact any other ordinary business that may be properly transacted at an annual general meeting.

AS SPECIAL BUSINESS

Resolution 6

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"General authority to allot and issue new shares

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and the Listing Manual of the SGX-ST (the "**Listing Manual**"), authority be and is hereby given to the Directors to:–

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

(ii) make or grant offers, agreements or options (collectively, the "**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) 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; and

(B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:–

(1) The aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does 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 (2) below) (the "**Issued Shares**"), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (the "**Shareholders**") (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the total number of Issued Shares;

(2) (subject to such 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 (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this authority is given, after adjusting for:–

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

NOTICE OF ANNUAL **GENERAL MEETING**

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

Adjustments in accordance with (i) or (ii) above 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 this Resolution is passed;

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)]

Resolution 7

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares (the "**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(i) market purchases (each a "**Market Purchase**") transacted on the SGX-ST; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with an equal access scheme as may be determined or formulated by the Directors as they consider fit,

in accordance with the Companies Act, the Listing Manual and all other laws, rules and regulations as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which purchases or acquisitions of Shares have been carried out to the full extent of the Share Purchase Mandate; or

NOTICE OF ANNUAL **GENERAL MEETING**

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued Shares (excluding any treasury shares and subsidiary holdings), as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined below), in which event the issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered (excluding any subsidiary holdings and any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the date of the Market Purchase, or the day of the making of the offer pursuant to the Off-Market Purchase, as the case may be, and deemed to be adjusted for any corporate action that occurs after such five-day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient, necessary or desirable to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note (ii)]

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Resolution 8

11. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:–

"Authority to issue shares pursuant to the KTL Performance Share Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised and empowered to grant awards in accordance with the KTL Performance Share Scheme (the "Scheme") and to allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of awards under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme, when added to the number of shares issued and issuable in respect of all awards granted under the Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time."

[See Explanatory Note (iii)]

BY ORDER OF THE BOARD

Ong Beng Hong
Company Secretary
Singapore
12 June 2020

Explanatory Notes:

(i) Ordinary Resolution 6 proposed in item 9 above, if passed, will empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, with a sub-limit of 20% for issues other than on a pro-rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time Ordinary Resolution 5 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time Ordinary Resolution 5 is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (c) any subsequent bonus issue, consolidation or sub-division of shares. Such authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

(ii) Ordinary Resolution 7 proposed in item 10 above, if passed, will empower the Directors to purchase or otherwise acquire Shares by way of Market Purchases or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Purchase Mandate does not exceed the Prescribed Limit, and at such price(s) as may be determined by the Directors of the Company from time to time up to but not exceeding the Maximum Price. The information relating to the Ordinary Resolution 6 is set out in the Appendix enclosed together with the Annual Report.

(iii) Ordinary Resolution 8 proposed in item 11 above, if passed, will empower the Directors to grant awards under the Scheme and to allot and issue shares pursuant to the vesting of awards under the said Scheme, provided that the number of shares to be issued, when added to the number of shares issued and issuable in respect of all awards granted under the said Scheme and all other shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

NOTICE OF ANNUAL **GENERAL MEETING**

Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting ("**AGM**") are set out in the Company's announcement dated 12 June 2020 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 29 June 2020" which has been uploaded together with this Notice of AGM on SGXNET on the same day. This announcement may also be accessed at the URL www.ktl.group.

   In particular, the AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM through a "live" webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 4.00 p.m. on 26 June 2020, at the URL https://www.bigbangdesign.co/ktl-global-limited-pre-registration-microsite/. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM by 28 June 2020. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the AGM. This is to avoid any technical disruption or overload to the "live" webcast or "live" audio feed.

   Members may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by 4.00 p.m. on 26 June 2020:

   (a) via the pre-registration website at the URL https://www.bigbangdesign.co/ktl-global-limited-pre-registration-microsite/;

   (b) in hard copy by sending by post and lodging the same at the Registered Office of the Company at 3 Church Street, Samsung Hub, Level 8, Singapore 049483; or

   (c) by email to shareholders@ktl.group.

   Members will need to identify themselves when posing questions by email or by mail by providing the following details:

   (a) the member's full name as it appears on his/her/its CDP/CPF share records;

   (b) the member's NRIC/Passport/UEN number;

   (c) the member's contact number and email address; and

   (d) the manner in which the member holds his/her/its Shares in the Company (e.g. via CDP or CPF).

   The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

   The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members either before or during the AGM.

   Please note that members will not be able to ask questions at the AGM "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the AGM.

2. **A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the AGM may be accessed at the Company's website at the URL www.ktl.group and has also been made available on SGXNET.

3. The Chairman of the AGM, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the AGM as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

   (a) if sent by post, be deposited at the Registered Office of the Company at 3 Church Street, Samsung Hub, Level 8, Singapore 049483; or

   (b) if submitted by email, be received by the Company at shareholders@ktl.group,

   in either case, not less than 48 hours before the time for holding the AGM, and in default the instrument of proxy shall not be treated as valid.

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

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

4. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a Company, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney.

NOTICE OF ANNUAL **GENERAL MEETING**

5. In the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

6. Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), including CPF investors, and who wish to participate in the AGM ("Relevant Intermediary Participants") by (a) observing and/or listening to the AGM proceedings via the "live" webcast or the "live" audio feed in the manner provided in Note 1 above; (b) submitting questions in advance of the AGM in the manner provided in Note 1 above; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF investors, their respective CPF Agent Banks) through which they hold such shares as soon as possible in order to facilitate the necessary arrangements for them to participate in the AGM. CPF investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks to submit their votes by 4.00 p.m. on 17 June 2020.

7. The Annual Report for the financial year ended 31 December 2019 may be accessed at the Company's website at the URL www.ktl.group under "Annual Report 2019", and have also been made available on SGXNET.

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof or submitting any details of a Relevant Intermediary Participant in connection with the AGM, a member of the Company (i) 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 of the AGM as proxy (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 the publication of the names and the comments of the members of the AGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the Relevant Intermediary Participants to the Company (or its agents or service providers), the member has obtained the prior consent of such Relevant Intermediary Participants for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such Relevant Intermediary Participants for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

Mr Chong Eng Wee and Mr Tso Sze Wai are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on Monday, 29 June 2020 ("**AGM**") (the "**Retiring Directors**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

	MR CHONG ENG WEE	**MR TSO SZE WAI**
Date of Appointment	1 August 2019	9 June 2020
Date of last re-appointment	–	–
Age	40	50
Country of principal residence	Singapore	Hong Kong
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 qualification, work experience and suitability of Mr Chong Eng Wee for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Chong Eng Wee possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr Tso Sze Wai for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Tso Sze Wai possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of the Nominating and Remuneration Committee, member of the Audit Committee and member of the Performance Share Scheme Committee	Independent Director, member of the Nominating Committee, Remuneration Committee, Audit Committee and Performance Share Scheme Committee

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR CHONG ENG WEE	MR TSO SZE WAI
Professional Qualifications	Advocate & Solicitor, Supreme Court of Singapore Solicitor, High Court of Hong Kong Lawyer, Supreme Court of New South Wales, Australia Barrister & Solicitor, High Court of New Zealand Bachelor of Laws, Victoria University of Wellington, New Zealand	Postgraduate diploma in Computing and information system, University of Western Sydney, Australia Member of Certified Practicing Accountant of Australian Society of CPA's and member of Hong Kong Institute of Certified Accountant Bachelor of Commerce, University of New South Wales, Australia, Faculty of Commerce & Economics With a major in Accountancy and sub-major in Economics
Working experience and occupation(s) during the past 10 years	December 2009 – March 2011 Associate, KhattarWong LLP April 2011 – June 2015 Associate Director and Representative of Shanghai representative office, Duane Morris & Selvam LLP July 2015 – October 2017 Partner and Deputy Head, Capital Markets and International China Practice, RHTLaw Taylor Wessing LLP October 2017 – present Partner and Head of Corporate, Kennedys Legal Solutions	June 2007 – April 2011 Chief financial officer and company secretary, China Flexible Packaging Holdings Limited May 2011 – July 2014 Chief financial officer and company secretary, Qing Mei Group Holdings Limited August 2014 – December 2019 Company secretary, Green Energy Group Limited May 2020 – present Chief financial officer, Sino Grandness Food Industries Group Limited
Shareholding interest in the listed issuer and its subsidiaries	No	No
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	No	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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR CHONG ENG WEE	MR TSO SZE WAI
Other Principal Commitments* Including Directorships# (for the last 5 years) * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Past (for the past 5 years): CW Group Holdings Limited Innopac Holdings Limited Present: Heatec Jietong Holdings Limited GS Holdings Limited Kennedy Legal Solutions Pte Ltd Legal Solutions LLC Wish Hospitality Holdings Private Limited Wish Health Management (Shanghai) Co. Ltd.	Past (for the past 5 years): Hua Han Health Industry Holdings Limited Present: China Jicheng Holdings Limited
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
(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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR CHONG ENG WEE	MR TSO SZE WAI
(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
(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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR CHONG ENG WEE	MR TSO SZE WAI
(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
(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 (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 (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

ADDITIONAL INFORMATION ON **DIRECTORS SEEKING RE-ELECTION**

	MR CHONG ENG WEE	MR TSO SZE WAI
(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?		
(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
Disclosure applicable to the appointment of Director only.		
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.

LETTER TO **SHAREHOLDERS**

KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)

Board of Directors:

Mr Lim Yeow Hua @ Lim You Qin (Non-Executive Chairman and Lead Independent Director)
Mr Liu Changsheng (Chief Executive Officer)
Mr Tan Kheng Kuan (Non-Executive Director)
Mr Chong Eng Wee (Independent Director)
Mr Tso Sze Wai (Independent Director)

Registered Office:

3 Church Street
Samsung Hub
Level 8
Singapore 049483

12 June 2020

To: The Shareholders of KTL Global Limited ("**Shareholders**")

Dear Sir/Madam

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of the Annual General Meeting (the "**2019 AGM**") of KTL Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 12 June 2020 in respect of the AGM to be held by way of electronic means on Monday, 29 June 2020 at 4.00 pm and Resolution 7 being the ordinary resolution for the proposed renewal of the share purchase mandate.

1. INTRODUCTION

Shareholders had approved a mandate (the "**Share Purchase Mandate**") at the extraordinary general meeting held on 7 October 2009 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**"). The Share Purchase Mandate had been subsequently renewed at the annual general meetings held on 22 October 2010, 21 October 2011, 19 October 2012, 21 October 2013, 20 October 2014, 20 October 2015, 26 October 2016, 23 October 2017 and 24 April 2019. The authority conferred on the directors of the Company (the "**Directors**") under the current Share Purchase Mandate will expire at the forthcoming 2019 AGM to be held on Monday, 29 June 2020.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. The purpose of this letter (the "**Letter**") is to provide Shareholders with information in relation to the renewal of the Share Purchase Mandate.

2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The rationale for the Company to undertake the purchase or acquisition of its Shares is that the Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share.

LETTER TO **SHAREHOLDERS**

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the financial condition, liquidity and capital of the Company and the Group.

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2019 AGM, are summarised below:

(a) Maximum Number of Shares

The Company may purchase only Shares, which are issued and fully paid-up. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued Shares (excluding any treasury shares and subsidiary holdings) as at the date of the 2019 AGM on which the resolution renewing the Share Purchase Mandate is passed (the "**Approval Date**"), unless the Company has thereafter, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, Chapter 50 (the "**Companies Act**"), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings). "**Relevant Period**" means the period commencing from the date on which the Share Purchase Mandate is renewed and expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier.

For illustrative purpose, as at 8 June 2020 (the "**Latest Practicable Date**"), the Company had 315,669,019 issued Shares (with no treasury shares and subsidiary holdings) and thus up to 31,566,901 issued Shares may be purchased by the Company, assuming that the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company remains unchanged up to the date of the 2019 AGM.

(b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of Shareholders in general meeting.

LETTER TO **SHAREHOLDERS**

(c) Manner of Purchase

Purchases of Shares may be made on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme ("**Off-Market Purchases**") as defined in Section 76C(6) of the Companies Act.

Market Purchases refer to purchases of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

(iv) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the "**Take-over Code**") or other applicable take-over rules;

(v) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;

LETTER TO **SHAREHOLDERS**

(vi) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in Shares were recorded, preceding the day of the Market Purchase, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities.

LETTER TO **SHAREHOLDERS**

4. STATUS OF PURCHASED SHARES

Any Share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. According to the key provisions on treasury shares under the Companies Act:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and other Rights

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, the Company will not have the right to attend or vote at meetings and/or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

The Company may dispose of treasury shares at any time in the following ways:

(i) selling the treasury shares for cash;

(ii) transferring the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancelling the treasury shares; or

(v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

At the time of each purchase of Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

LETTER TO **SHAREHOLDERS**

5. SOURCE OF FUNDS

The Companies Act permits the Company to purchase its Shares out of capital or profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of the payment for the Shares, the following conditions are satisfied:

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the purchase of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company will use internal sources of funds, or a combination of internal resources and external borrowings, to finance purchases of its Shares.

6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the proposed Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases.

(a) Purchase or Acquisition Out of Capital or Profits

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

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(b) Illustrative Financial Effects

For illustrative purposes only and on the basis of the following assumptions:

(i) that the purchase or acquisition by the Company of 31,566,901 Shares, being the number of Shares which the Company may purchase and hold as treasury shares, was made on 31 December 2019;

(ii) that the Company purchased or acquired Shares via Market Purchases at the Maximum Price of $0.04767 for each Share (being 105% of the Average Closing Price as at 31 December 2019);

(iii) that the purchase or acquisition of Shares by the Company, which required funds amounting to approximately $1,504,794 was financed entirely using its internal sources of funds and bank borrowings; and

(iv) that the purchase or acquisition of Shares was made entirely out of profits and the Shares were held as treasury shares after the purchase or acquisition,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 ("**FY2019**"), are set out below.

	Group		Company	
As at 31 December 2019	**Before Share Purchase $'000**	**After Share Purchase $'000**	**Before Share Purchase $'000**	**After Share Purchase $'000**
Share capital	36,776	35,271	36,776	35,271
Reserves	(54,963)	(54,963)	(36,279)	(36,279)
Treasury shares	–	–	–	–
Shareholders' (deficit)/funds	(15,899)	(17,404)	497	(1,008)
Net tangible (liabilities)/assets[1]	(15,899)	(17,404)	497	(1,008)
Current assets	48,429	46,924	756	–
Current liabilities[2]	64,352	64,352	309	309
Working capital[2]	15,923	17,428	447	447
Total liabilities[2]	64,403	64,403	309	309
Cash and bank balances[2]	136	136	91	91
Number of Shares ('000)	315,669	284,102	315,669	284,102
Financial Ratios				
Net tangible (liabilities)/assets per Share (cents)	5.04	6.13	0.16	0.35
(Losses)/Earnings per Share (cents)	(0.40)	(0.43)	0.040	0.044
Gearing ratio[3] (times)	(0.0050)	(0.0046)	–	–
Current ratio[4] (times)	0.75	0.73	2.45	–

Notes:

(1) Net tangible (liabilities)/assets equal total net liabilities/assets less deferred expenditure and other intangible assets.

(2) As funding for the Share purchases is assumed to be obtained from the subsidiaries, the current liabilities, working capital, total liabilities and cash and bank balances at the Company level are not affected.

(3) Gearing ratio equals total borrowings divided by shareholders' deficit/funds.

(4) Current ratio equals current assets divided by current liabilities.

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Shareholders should note that the financial effects set out in this paragraph 6 are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2019 numbers and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

7. LISTING RULES

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last 5 Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in paragraph 3(d) above, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 am (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

While the listing rules of the SGX-ST do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Listing Manual on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of 2 weeks immediately preceding the announcement of the Company's quarterly results or 1 month immediately preceding the announcement of the Company's full-year results, as the case may be, and ending on the date of announcement of the relevant results.

8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer, substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

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As at the Latest Practicable Date, there were approximately 122,514,492 issued Shares in the hands of the public (as defined above), representing 38.81% of the total number of issued Shares (excluding treasury shares) of the Company. Assuming that the Company purchases 31,566,901 Shares, which represents the full 10% limit pursuant to the Share Purchase Mandate through Market Purchases, the number of issued Shares in the hands of the public would be reduced to approximately 90,947,591 Shares, representing 28.81% of the total number of issued Shares (excluding treasury shares) of the Company. As at the Latest Practicable Date, the Company held no treasury shares.

Under the Companies Act, in the event that the number of Shares held as treasury shares by the Company at any time exceeds 10% of the total number of issued Shares at that time, the Company shall dispose of or cancel the excess treasury shares within 6 months.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:

(i) affecting adversely the listing status of the Shares on the SGX-ST;

(ii) causing market illiquidity; or

(iii) affecting adversely the orderly trading of Shares.

9. TAX IMPLICATIONS

When a company purchases its own shares using its distributed profits or contributed capital, it will be regarded as any other disposal of shares by the shareholders from whom the shares are acquired.

For income tax purposes, whether or not the proceeds received by the Shareholders are taxable in the hands of the Shareholders who sell their Shares to the Company for which the purchases were made out of distributed profits or contributed capital will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

10. IMPLICATIONS OF TAKE-OVER CODE

(a) Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

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The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 ("**TOC Appendix 2**") of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:

(i) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(ii) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six (6) months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

(b) Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the equity share capital of a company will be regarded as the test of associated company status.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Kim Teck Leong Pte. Ltd., the controlling Shareholder of the Company, together with persons acting in concert with it, comprising Tan Tock Han, Shum Ching Yee, Tan Kheng Kuan and Tan Suan Suan, who are shareholders of Kim Teck Leong Pte. Ltd., Tan Kheng Yeow and Cheong Hooi Kheng who is the son and sister-in-law of Tan Tock Han respectively (the "**Concert Party Group**"), collectively held approximately 46.02% of the voting rights of the Company.

Purely for illustrative purposes, on the basis of 315,669,019 issued Shares as at the Latest Practicable Date (excluding treasury shares), and assuming that no further Shares are issued on or prior to the AGM, not more than 31,566,901 Shares (representing 10% of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate, if so approved by Shareholders at the AGM, the shareholdings and voting rights of the Concert Party Group will increase from 46.02% to 51.13%. Under the Take-over Code, in the event that the aggregate shareholding and voting rights of the Concert Party Group increases by more than 1% within a 6-month period as a result of the Company's Share purchases, they will be required to make a general offer to the other Shareholders under Rule 14.1(b).

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Under Appendix 2 Share Buy-back Guidance Note of the Take-Over Code, the Concert Party Group is exempted from having to make an offer under Rule 14 of the Take-Over Code for the Shares by reason only of an increase in their voting rights as a result of the Company purchasing or acquiring up to the maximum of 10% of the issued share capital of the Company pursuant to the Share Purchase Mandate, subject to the following conditions:

(i) this Letter contains advice to the effect that by voting for the Share Purchase Mandate, the Shareholders are waiving their rights to a general offer at the required price from the Concert Party Group (who may as a result of the Company's purchase of acquisition of the its Shares increase their voting rights by more than 1% in any 6-month period). The Letter should also contain: (I) the names of the Concert Party Group; and (II) their voting rights as at the time of the resolutions and after the Company's Share purchases;

(ii) the resolution to adopt the Share Purchase Mandate is approved by a majority of the Shareholders present and voting at the AGM on a poll who would not become obliged to make an offer as a result of the Company's purchase and acquisition of its Shares;

(iii) the Concert Party Group, abstain from voting for, and recommending Shareholders to vote in favour of, the resolution on the adoption of the Share Purchase Mandate;

(iv) within 7 days of the passing of the resolution approving the adoption of the Share Purchase Mandate, each of the Directors to submit to the Securities Industry Council (the "**SIC**") a duly signed form as prescribed by the SIC; and

(v) the Concert Party Group, have not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Purchase Mandate is imminent and the earlier of:

I. the date on which the authority of the Share Purchase Mandate expires; and

II. the date the Company announces it has bought back such number of Shares as authorised by the Share Purchase Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the Company's purchase and acquisition of its Shares, would cause their aggregate voting rights in the Company to increase by more than 1% in any 6-month period.

If the Company ceases to buy back its Shares and the increase in the aggregate voting rights held by the Concert Party Group, are less than 1% in any 6-month period, the Concert Party Group, may acquire further voting rights in the Company. However, any increase in their percentage of voting rights in the Company as a result of the Company's Share Purchases will be taken into account together with any voting rights acquired by the Concert Party Group (by whatever means), in determining whether they have increased their aggregate voting rights in the Company by more than 1% in any 6-month period.

It should, therefore, be noted that approving the Share Purchase Mandate will constitute a waiver by the Shareholders in respect of their right to a general offer by the Concert Party Group, at the required price, if the Company's Share Purchases results in the aggregate shareholding of Concert Party Group, to increase by 1% or more in any 6-month period. The voting rights of Concert Party Group, as at the

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Latest Practicable Date and in the event of the Company's Share Purchases up to the maximum of 10% of the issued share capital of the Company (excluding Shares held as treasury shares) as permitted by the Share Purchase Mandate set out above in this Letter.

Save as disclosed above, the Directors are not aware of any fact(s) or factor(s) which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interest in voting Shares should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of share purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

The Company had not purchased any Shares in the 12 months preceding the Latest Practicable Date.

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Director's Shareholdings and the Register of Substantial Shareholders

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kept by the Company, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%[3]	Number of Shares	%[3]
Directors				
Tan Kheng Kuan[1]	977,756	0.31	123,200,000	39.03
Liu Changsheng[2]	–	–	47,879,000	15.17
Substantial Shareholders (other than Directors)				
Kim Teck Leong Pte. Ltd.[1]	123,200,000	39.03	–	–
Changsheng Investment Development Limited	47,879,000	15.17	–	–
Tan Tock Han[1]	20,691,691	6.55	123,200,000	39.03
Shum Ching Yee[1]	–	–	123,200,000	39.03

Notes:

(1) Tan Kheng Kuan, Tan Tock Han and Shum Ching Yee are deemed to have an interest in the 123,200,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act.

(2) Liu Changsheng holds 100% of the issued and paid-up share capital of Changsheng Investment Development Limited and, accordingly, is deemed to have an interest in the ordinary shares in the capital of the Company held by Changsheng Investment Development Limited.

(3) The percentages of issued share capital are calculated based on 315,669,019 issued shares in the capital of the Company (with there being no treasury shares).

14. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale for the renewal of the Share Purchase Mandate set out in this Letter, the Directors believe that the renewal of the Share Purchase Mandate is in the best interest of the Company. The Board of Directors recommend that Shareholders vote in favour of Resolution 7, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the forthcoming 2019 AGM.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

16. DISCLAIMER

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

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17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 3 Church Street, Level 8, Singapore 049483 during normal business hours from the date of this Letter up to the date of the 2019 AGM:

(a) the Annual Report of the Company for the financial year ended 31 December 2019; and

(b) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
KTL GLOBAL LIMITED

Liu Changsheng
Chief Executive Officer

KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)

ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company's announcement dated 12 June 2020 entitled "Important Notice to Shareholders Regarding the Company's Annual General Meeting on 29 June 2020" which has been uploaded together with the Notice of Annual General Meeting dated 12 June 2020 on SGXNET on the same day. This announcement may also be accessed at the URL www.ktl.group.
2. A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors who wish to vote should contact their respective CPF Agent Banks to submit their votes by 4.00 p.m. on 17 June 2020.

I/We _____ (Name)

of _____ (Address)

being a member/members of KTL GLOBAL LIMITED (the "**Company**") hereby appoint the Chairman of the Meeting as my/our proxy to attend, speak and to vote for me/us on my/our behalf, at the Annual General Meeting of the Company by way of electronic means on Monday, 29 June 2020 at 4.00 pm and at any adjournment thereof. I/We direct the Chairman to vote for, against and/or to abstain from voting on the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the Chairman will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	For	Against	No. of votes abstaining
	Ordinary Business			
1.	Audited accounts for the financial year ended 31 December 2019			
2.	Re-election of Mr Chong Eng Wee as a Director			
3.	Re-election of Mr Tso Sze Wai as a Director			
4.	Payment of Directors' fees of S$163,000 for the financial year ending 31 December 2020			
5.	Re-appointment of RT LLP as Auditors			
	Special Business			
6.	General authority to allot and issue new shares			
7.	Share purchase mandate			
8.	Authority to issue shares pursuant to the KTL Performance Share Scheme			

If you wish to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the resolution in respect of all your votes, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and/or "Against" the relevant resolution and/or to abstain from voting in respect of the resolution, please indicate the number of shares in the boxes provided.

Dated this _____ day of _____ 2020

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:–

1. A member will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

2. The Chairman of the AGM, as proxy, need not be a member of the Company.

3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. 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 of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

4. The instrument appointing a proxy must:

   (a) if sent by post, be deposited at the Company's Registered Office at 3 Church Street, Samsung Hub, Level 8, Singapore 049483; or

   (b) if submitted by email, be received by the Company at shareholders@ktl.group,

   in either case, not less than 48 hours before the time set for the AGM, and in default the instrument of proxy shall not be treated as valid.

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

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

5. If sent by post, the instrument appointing the Chairman of the AGM as proxy of an individual must be under the hand of the appoint or of his/her attorney duly authorised in writing and the instrument appointing the Chairman of the AGM as proxy of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

   Where an instrument appointing the Chairman of the AGM as proxy is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

6. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

7. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

8. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 June 2020.

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Singapore 049483
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