



MultiChem
The Hole Solution Provider

STAYING AT THE FOREFRONT OF AI IN **CYBERSECURITY**

Annual Report 2024

THE MULTI-CHEM GROUP'S BUSINESS

Multi-Chem has been engaged as a value added supplier to PCB manufacturers for more than three decades.

Multi-Chem, through the M.Tech Group, has been engaged in the distribution of IT products since 2002. The M.Tech Group is a leading regional cyber security and network performance products value added distributor, carrying best-of-breed products from industry leading vendors and with a presence in 24 cities in 13 countries. Today, this is the main business for the Group and contributes more than 99% to the Group's revenue.

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DEFINITIONS

In this Annual Report, the following definitions apply throughout where the context so admits:

| | |
|----------------------------------|--|
| "Group" | The Company and its subsidiaries |
| "Multi-Chem" or "Company" | Multi-Chem Limited |
| "M.Tech" | One or more of the M.Tech / M-Security |

SUBSIDIARIES

| | |
|---------------------------------|---|
| "M.SaaS Solutions" | M.SaaS Solutions Pte. Ltd. |
| "M.SaaS Lanka" | M.SaaS Lanka (Private) Limited |
| "M.Tech Australia" | M.Tech Products Aust Pty Limited |
| "M.Tech Holdings" | M.Tech Holdings Pte. Ltd. |
| "M.Tech Hong Kong" | M.Tech Products (HK) Pte Limited |
| "M.Tech India" | M.Tech Solutions (India) Private Limited |
| "M.Tech Indochina" | M-Security Technology Indochina Pte. Ltd. |
| "M.Tech Indonesia" | PT. M.Tech Products |
| "M.Tech Japan" | M.Tech Products Japan Kabushiki Kaisha |
| "M.Tech Korea" | M.Tech Products Korea Limited Liability Company |
| "M.Tech Malaysia" | M-Security Technology Sdn. Bhd. |
| "M.Tech New Zealand" | M.Tech Products New Zealand Limited |
| "M.Tech Philippines" | M.Tech Products Philippines, Inc. |
| "M.Tech Shanghai" | M.Tech (Shanghai) Co., Ltd. |
| "M.Tech Singapore" | M.Tech Products Pte Ltd |
| "M.Tech Taiwan" | M.Tech Products TW Pte. Ltd. |
| "M.Tech Thailand" | M-Solutions Technology (Thailand) Co., Ltd. |
| "M.Tech Vietnam" | M-Security Technology Vietnam Company Limited |
| "M-Security Philippines" | M-Security Tech Philippines Inc. |
| "SecureOneAsia" | SecureOneAsia Pte. Ltd. |
| "SecureOne India" | SecureOne India Holding Pte. Ltd. |

OTHER TERMS

| | |
|----------------|-------------------------------------|
| "ARMC" | Audit and Risk Management Committee |
| "Board" | Board of Directors |
| "CNC" | Computer numeric controlled |
| "FY" | Financial year |
| "IT" | Information technology |
| "M" | Million |
| "NC" | Nominating Committee |
| "PAT" | Profit after tax |
| "PBT" | Profit before tax |
| "PCB" | Printed circuit board |
| "RC" | Remuneration Committee |
| "WAN" | Wide area network |

CORPORATE PROFILE

Incorporated in 1985, Multi-Chem was listed on SESDAQ in January 2000 and upgraded to the Main Board of The Singapore Exchange in November 2000. In May 2002, we diversified into the business of IT distribution where we focus on best-of-breed cyber security, WAN optimisation and network management products from our original business of distributing specialty chemicals and value added services to the PCB manufacturers.

In May 2002, we diversified into the business of IT distribution where we focus on best-of-breed cyber security, WAN optimisation and network management products from industry leading vendors. We are a leading cyber security and network performance solutions provider and we selectively partner with market leading vendors who are established in their respective domains. Together, we cover a broad spectrum of today's security and network performance requirements.

Through Multi-Chem's subsidiaries under the M.Tech umbrella, our IT business has expanded in both product range and geographical coverage since inception and now spans Singapore, Australia, Greater China (including Hong Kong and Taiwan), India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Sri Lanka, Thailand and Vietnam.

We started IT training business in Singapore in late second quarter of 2004 to complement the IT distribution business. We are currently authorised to conduct training for Check Point course.

Today, the Group comprises the Company, 21 subsidiaries, 2 representative offices, 6 branches and 4 offices, with a staff strength of over 600.

CORPORATE DATA

BOARD OF DIRECTORS

Chong Teck Sin Chairman
Foo Suan Sai CEO
Han Juat Hoon
Foo Fang Yong
Chan Wan Hong
Neo Bock Cheng

COMPANY SECRETARY

Chan Lai Yin

AUDIT AND RISK MANAGEMENT COMMITTEE

Chong Teck Sin Chairman
Chan Wan Hong
Neo Bock Cheng

NOMINATING COMMITTEE

Chan Wan Hong Chairman
Foo Suan Sai
Chong Teck Sin
Neo Bock Cheng

REMUNERATION COMMITTEE

Neo Bock Cheng Chairman
Chong Teck Sin
Chan Wan Hong

REGISTERED OFFICE

18 Boon Lay Way, #05-113,
Tradehub 21, Singapore 609966
Tel : (65) 6863 1318
Fax : (65) 6863 1618

SHARE REGISTRAR

Trico Barbinder Share Registration Service
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619

SHARE LISTING

The Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited since November 2000.

INDEPENDENT AUDITOR

BDO LLP
Public Accountants and
Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner-in-charge: Lee Kuang Hon
Appointment since the financial year ended
31 December 2020

INTERNAL AUDITOR

Yang Lee & Associates
10 Anson Road #31-03
International Plaza
Singapore 079903

PRINCIPAL BANKERS

Citibank N.A.
DBS Bank Ltd
HSBC Limited
United Overseas Bank Limited

IR CONTACT

18 Boon Lay Way, #05-113,
Tradehub 21, Singapore 609966
Tel : (65) 6863 1318
Fax : (65) 6863 1618
E-mail : irmultichem@multichem.com.sg

GENERAL

For further information about Multi-Chem, please contact the secretariat at the registered office.

E-MAIL:

salesmultichem@multichem.com.sg
sales@mtechpro.com

WEBSITES:

<http://www.multichem.com.sg>
<http://www.mtechpro.com>

BOARD OF DIRECTORS

CHONG TECK SIN

*Chairman, Independent Director,
Chairman of ARMC, Member of NC and RC*

Mr Chong was appointed as a Director in April 2024. He has extensive experience as director of public listed companies in Singapore, particularly in the technology sector. Between 1999 and 2004 he served as Executive Director & Group Managing Director (Commercial) of Seksun Corporation Ltd, which was then listed on the Main Board of the Singapore Exchange ("SGX"). He later held non-executive directorships in several other SGX, Australia Stock Exchange and Hong Kong Stock Exchange listed companies. He was also a board member of the Accounting and Corporate Regulatory Authority ("ACRA"), a statutory board of Singapore's Ministry of Finance from April 2004 to March 2010. He currently sits on the board of public companies listed on the SGX. He holds a Bachelor of Engineering from the University of Tokyo and a Masters of Business Administration from the National University of Singapore.

FOO SUAN SAI

Chief Executive Officer and Member of NC

Mr Foo, one of the founding shareholders of Multi-Chem, has more than 30 years of experience in the PCB industry, of which the last 36 years were spent building up the Company. Mr Foo is currently responsible for the overall direction and development of the Group. He holds a Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.

HAN JUAT HOON

Chief Operating Officer

Mdm Han is a founding shareholder of Multi-Chem. She has been a Director of the Company since 1987 and commenced working in an executive capacity with the Company in 1992. Mdm Han is well versed in factory operations, having held the appointment of factory manager with a chemical company for 12 years from 1980 to 1992. She is responsible for the overall operations of the Group. Mdm Han holds a Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.

FOO FANG YONG

Executive Director, General Manager

Mr Foo was appointed as a Director in May 2015. Mr Foo joined the Company's subsidiary, M.Tech Products Ptd Ltd in Year 2011 as an I-Security Engineer after completing his Honours Degree in Bachelor of Engineering (Computer Engineering) from National University of Singapore. He subsequently moved to the position of Product Manager in May 2012. At the same time, he attained RSA SecurID Certified Systems Engineer in Year 2011 and Blue Coat Certified ProxySG Professional, Sourcefire Certified Expert (SFCE) v5 and Riverbed Certified Solutions Professional WAN Optimization in Year 2012.

CHAN WAN HONG

*Independent Director, Chairman of NC,
Member of ARMC and RC*

Mr Chan was appointed as a Director in April 2024. He is an advocate and solicitor and has been in corporate practice in Singapore since 1999, with extensive experience in mergers and acquisitions, venture capital and private equity, corporate finance and capital markets. He is currently the Senior Director at FC Legal Asia LLC. He holds a Bachelor of Laws from the National University of Singapore.

NEO BOCK CHENG

*Independent Director, Chairman of RC,
Member of ARMC and NC*

Mr Neo was appointed as a Director in April 2024. He has over 30 years of corporate & transaction banking experience. He held various leadership roles in OCBC bank, Citibank Bank and JP Morgan Chase. He is currently a technology advisor at The Association of Banks in Singapore. He holds a Bachelor of Engineering (Civil Engineering) from the National University of Singapore.

CHONG TECK SIN



FOO SUAN SAI



HAN JUAT HOON



CHAN WAN HONG



NEO BOCK CHENG



FOO FANG YONG

MANAGEMENT TEAM



KOH HENRY

Director - Business Operations

Mr Koh holds a Bachelor's degree in Mechanical & Production Engineering from the Nanyang Technological University. He joined the Company as a Service Engineer in May 2000 after completing his university education. He was promoted from QA & Process Manager to Senior Manager (Operations) in November 2005, overseeing the operation in the Manufacturing Services Division, which include quality assurance and production. He is currently involved in the business development for various countries within IT business .



GOH TIAN KEONG WINSTON

Regional Director of China

Mr Goh has been responsible for the IT business development of M.Tech business in China for the past 20 years. He was promoted to Regional Director of China and is responsible for the IT business development in China. Prior to joining Multi-Chem in Year 2004, he worked in various IT companies for 6 years. He started as Senior Network Specialist and progressed to Senior Business Development Manager.



PUI BOON TIONG EUGENE

Regional Director

Mr Pui worked as an engineer with local PCB manufacturers, Motorola Electronics Pte Ltd and WUS Printed Circuits Pte Ltd prior to joining the Company in December 1999. He worked his way up in Multi-Chem from Assistant Production Manager to Operations Manager before being named Regional Director. He currently oversees business development for various countries within IT business.



ZHANG XIAOWEN AMANDA

Financial Controller

Ms Zhang has been with the Company since July 2013, where she joined as an Assistant Finance Manager and was promoted to Senior Regional Finance Manager and subsequently Financial Controller, a position she currently holds. She is in-charge of the Group's financial reporting, finance and tax functions and works closely with internal and external auditors, tax agent and the bankers in performing her role.

LETTER TO SHAREHOLDERS

The Group's revenue achieved new heights in year 2024 as we brought in \$683.7M in revenue, a 3.8% or \$25.3M increase, as compared to \$658.4M in year 2023. This boost in the Group's performance was mainly due to the continued expansion of the Group's IT arm, the increase in spending by corporations and government on cyber security products in year 2024.

DEAR SHAREHOLDERS

Over the past few years, cyber security has become a major concern for businesses around the globe. However, despite growing attention and budgets for cyber security in recent years, attacks have only become more common and more severe. While threat actors are becoming increasingly sophisticated and organized, this is important for what organizations can do to stay secure. Persistent heightened threat levels will keep cyber security as a high priority for many companies and businesses.

The Group's Financial Performance

We are pleased to announce that notwithstanding the pandemic and the associated challenges, the Group recorded revenue of \$683.7M in 2024, which was 3.8% more than \$658.4M achieved in 2023. The increase in Group's revenue for the year was mainly due to the positive contributions from IT business, arising from the increase in customer demand and some significant transactions closed in 2024.

Revenue from the PCB business accounted for less than 1% of Group's revenue in 2024. The PCB business decreased by 9.6% or \$172,000, from \$1.8m in 2023 to \$1.6m in 2024, primarily due to lower customer demand and disposal of 7 mechanical drilling machines in Singapore in 2024.

CHONG TECK SIN
Group Chairman



The Directors are pleased to recommend a final tax exempt (one-tier) dividend of 14.20 cents (Singapore) per ordinary share for 2024.

As of 31 December 2024, the Group had nil (2023: 7) CNC drilling machines in Singapore.

Comparing revenue by geographical segments, 44% of the Group's revenue in 2024 was derived from Singapore as compared to 46% in 2023. Of the remaining 56%, Australia accounted for 5%, India accounted for 10%, Vietnam accounted for 14% and the rest of the regions accounted for the remaining 27%.

The Group recorded a profit before tax of \$38.8M in 2024 as compared to \$36.5M in 2023, an increase of 6.3%. On an after-tax basis, the Group recorded a profit of \$30.8M in 2024 as compared to \$27.1M in 2023. On a weighted average basis, the Group's earnings per share increased from 30.10 cents in 2023 to 34.21 cents in 2024. The increase in profit was mainly due to the increase in gross profit in correspond to the increase in revenue, lower allowance made for inventory obsolescence and the increase in interest income, offset by the increase in staff costs and profit share, higher loss allowance on third party trade receivables and the increase in finance costs.

Financial Position

As of 31 December 2024, the net working capital of the Group stood at \$133.8M, compared to \$120.2M as at 31 December 2023. This included cash and bank balances of \$83.8M. Shareholders' funds and net asset value per share stood at approximately \$154.2M and 171.16 cents respectively as at 31 December 2024.

Business Outlook

The IT business was the Group's main business in 2024, accounting for 99% of the Group's revenue. This business commenced in 2002 and is marketed under the M.Tech brand. We expect the IT business to remain the Group's main business in the foreseeable future as corporations and policy makers increasingly recognize the need to strengthen their cybersecurity infrastructure. We are optimistic that this will augur well for the Group, given our wide geographical coverage and strategy of promoting cutting edge IT products.

The Group will continue to focus on growing the IT business. Economic and political conditions are still key factors in determining the level of IT spending. The Group will continue to focus on the distribution of only the top names in IT security products, and will continue to look for suitable products to add to its range.

While IT security continues to be the main focus of M.Tech, the Group also carries complementary products in the areas of SD-WAN and network management. It will continue to rationalize and be selective of its existing IT product range. Besides the IT products distributed by the Group, the Group is also authorized to provide certified IT training courses for Check Point.

The Group has a business presence in 24 cities in 13 countries in Asia Pacific Region. The M.Tech regional offices are expected to contribute positively to the Group's business in 2025.

Sustainability Matters

We reaffirm our commitment to sustainability with the publication of our sustainability report prepared in accordance with the Global Reporting Initiative Standards and Singapore Exchange Securities Trading Limited listing rules 711 (A) and 711 (B). As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which

is adopted by all United Nations Member States in 2015. The agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. Our climate-related disclosures are produced based on the 11 recommendations of Task Force on Climate-related Financial Disclosures. Following the publication of the International Sustainability Standards Board ("ISSB") Standards – International Financial Reporting Standards S1 and S2, we conducted a gap analysis against our existing reporting and are in process of aligning our climate-related disclosures to the ISSB Standards. We will be guided by the phased approach recommended by the SGX Exchange Regulation ("SGX RegCo") in aligning our reporting of climate-related disclosures in accordance with ISSB Standards.

This sustainability report provides insights into the way we do business, while highlighting our key sustainability factors under the economic, environmental, social and governance pillars.

The near-term outlook in the IT business is dependent on events that could be political or economic in nature and such events could affect business in certain markets. With the current inflation and interest rates situation, the global economic outlook remains uncertain which in turn will affect the Group's business. However, IT is still a critical

requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group's business. For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

Appreciation

On behalf of the Board of Directors, we wish to thank the staff and management of the Group for their commitment and dedication during the past years. Special thanks go to the colleagues on the Board for their strong support and positive contribution. We would also like to express our sincere appreciation to our shareholders, suppliers, customers and business partners for their invaluable support.

We aspire to the Group achieving greater heights in 2025.

Chong Teck Sin

Group Chairman

Foo Suan Sai

Chief Executive Officer

FOO SUAN SAI

Chief Executive Officer



SUSTAINABILITY REPORT

1. Board Statement

Multi-Chem Limited (“**MCL**” or the “**Company**”) and its subsidiaries (collectively known as the “**Group**” or “**We**”) reaffirm our commitment to sustainability with the publication of this sustainability report (“**Report**”). For this Report, we provide insights into the way we do business, while taking into account our material sustainability factors under the sustainability pillars of economic, environmental, social and governance (collectively as “**Sustainability Factors**”), and to provide readers with an accurate and meaningful overview on how we manage our sustainability issues.

The Board of Directors (“**Board**”) of the Company, having considered the Group’s sustainability issues as part of its strategic formulation and business strategies, determined the material Sustainability Factors and overseen the management and monitoring of the material Sustainability Factors. Amidst today’s rapid business environment, the Board is committed to supporting the management in upholding good governance and sustainability practices to achieve long-term success and value for our stakeholders.

This Report communicates our support towards the United Nations’ Sustainable Development Goals (“**SDGs**”). As we collaborate closely with our stakeholders throughout the value chain, their inputs guide in prioritising our material Sustainability Factors and direct our sustainability initiatives. Below shows the interaction between our sustainability framework, material Sustainability Factors, stakeholders and the SDGs:



SUSTAINABILITY REPORT

2. Sustainability Performance At A Glance

An overview of our key sustainability performance for the financial year ("FY") ended 31 December 2024 ("FY2024" or "Reporting Period") is as follows:

| Sustainability pillar | Sustainability metric | Sustainability performance | |
|-----------------------|---|----------------------------|----------------------------|
| | | FY2024 | FY2023 |
| Economic | Number of product brands under distribution | More than 70 | More than 70 |
| | Economic value generated ¹ | \$689 million | \$661 million |
| | Operating costs ² | \$599 million | \$575 million ³ |
| | Employee wages and benefits | \$47 million | \$47 million ³ |
| | Payments to providers of capital ⁴ | \$26 million | \$19 million |
| | Income taxes paid | \$9 million | \$8 million |
| Environmental | Percentage of technological equipment for disposal that is handled by licensed waste collectors | 100% | 100% |
| | Absolute Scope 2 GHG emissions (tonnes CO ₂ e) ⁵ | 383 | 378 |
| | Scope 2 GHG emissions intensity (tonnes CO ₂ e/ square foot) | 0.006 | 0.006 |
| | Water consumption intensity (Cu M/ total number of employees) | 4.64 | 3.85 |
| Social | Number of reported incidents of unlawful discrimination against employees ⁶ | - | - |
| | Number of workplace fatalities | - | - |
| | Number of high consequence work-related injuries ⁷ | - | - |
| | Overall turnover rate | 12% | 17% |
| Governance | Number of incidents of serious offence ⁸ | - | - |

¹ Economic value generated comprises revenue and other income net of government grants.

² Operating costs comprise cost of sales, selling and distribution costs, administrative expenses, net of depreciation of property, plant and equipment, right-of-use assets and investment property, and employee-related costs.

³ Figure has been restated as a correction.

⁴ Payments to providers of capital comprise interest payments made to providers of loans and dividend payments made to shareholders (if any).

⁵ The indirect GHG emissions from the consumption of electricity purchased by a reporting entity (Scope 2) are calculated based on the emissions factors published by the relevant local Authorities.

⁶ An incident of unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to a company.

⁷ A high consequence work-related injury refers to an injury from which the employee cannot recover or cannot recover fully to pre-injury health status within six (6) months.

⁸ A serious offence is defined as one that involves fraud or dishonesty involving an amount not less than SGD 100,000 and is punishable by imprisonment for a term of not less than two (2) years, which is being or has been committed against a company by officers or employees of the company.

SUSTAINABILITY REPORT

3. Our Business

We operate two businesses comprising the information technology ("IT") and printed circuit board ("PCB") businesses as follows:

3.1 Value Chain

IT business

We are a leading cyber security and network performance solutions provider. We work with leading vendors to bring optimal solutions to the market through a channel of reseller partners. Tapping on our strong network of subsidiaries, the products are sold through resellers, to a diverse pool of end-users which include Fortune 500 companies and small and medium enterprises.

As part of our value add to our customers, we provide maintenance and professional services such as on-site deployment and software upgrades. In addition, through our education services division, we conduct certified IT training courses for our customers to raise their awareness and technical knowledge.



Our Vendors

We procure the following products from our vendors:

- Cybersecurity solutions across network, cloud and application;
- Network performance software;
- Solutions for enterprise data centre; and
- Unified endpoint management software.



Our Operations

We are involved in:

- Distributing IT security products;
- Providing maintenance and professional services; and
- Providing certified IT training courses.



Our Customers

We sell to:

- Resellers; and
- End-users.

PCB business

We distribute PCB related products and materials to PCB manufacturers and provide machine rental services.



Our Suppliers

We purchase from suppliers of PCB-related products and materials ("**PCB Products and Materials**")



Our Operations

We are involved in:

- Distributing PCB Products and Materials; and
- Renting PCB-related machines.



Our Customers

We sell to PCB manufacturers.



SUSTAINABILITY REPORT

3.2 People

As at 31 December 2024, the Group had a workforce of 582 permanent full-time employees (FY2023: 594 permanent full-time employees) with breakdown as follows:

| Singapore | Greater China ⁹ | Australia | India | Others | Total |
|-----------------------------------|----------------------------|-----------|-------|--------|-------|
| Full-time employees ¹⁰ | | | | | |
| 199 | 40 | 7 | 107 | 229 | 582 |

4. Reporting Scope

This Report is applicable for the Reporting Period and covers the following key operating entities of the IT business ("**Entities Covered**"), our core business:

| S/N | Entity | S/N | Entity |
|-----|---|-----|---|
| 1 | MCL | 7 | M.Tech Products Aust Pty Limited |
| 2 | M.Tech Holdings Pte. Ltd. (" MTHD ") | 8 | PT. M.Tech Products |
| 3 | M-Security Technology Sdn. Bhd. | 9 | M.Tech Solutions (India) Private Limited |
| 4 | M-Solutions Technology (Thailand) Co., Ltd. | 10 | M.Tech Products (HK) Pte Limited |
| 5 | M.Tech (Shanghai) Co., Ltd. | 11 | M-Securities Technology Indochina Pte. Ltd. |
| 6 | M.Tech Products Pte Ltd (" MTSG ") | | |

The above entities contributed to approximately 91% (FY2023: 91%) of the Group's revenue for the Reporting Period.

5. Reporting Framework

This Report is prepared in accordance with 711A and 711B of the Listing Manual: Rules of Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This Report is also prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards. We use the GRI framework as it is an internationally recognised sustainability reporting standard that covers a comprehensive range of sustainability disclosures. The GRI content index can be found in pages in the pages 47 to 51.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we mapped our sustainability efforts to the 2030 Agenda for Sustainability Development which is adopted by all United Nations Members States in 2015 ("**UN Sustainability Agenda**"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership.

⁹ Greater China includes the People's Republic of China and Hong Kong.

¹⁰ Entities Covered in this Report did not employ part-time employees.

SUSTAINABILITY REPORT

Our climate-related disclosures are produced based on the 11 recommendations of Task force on Climate-related Financial Disclosures (“TCFD”). Following the publication of the International Sustainability Standards Board (“ISSB”) Standards – International Financial Reporting Standards (“IFRS”) S1 and IFRS S2, we conducted a gap analysis against our existing TCFD reporting and are in the process of aligning our climate-related disclosures to the ISSB Standards. We will be guided by the phased approach recommended by the SGX Exchange Regulation (“SGX RegCo”) in aligning our reporting of climate-related disclosures in accordance with ISSB Standards.

Internal reviews on the sustainability reporting process are incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports subjected to market trends and regulatory requirements.

6. Feedback

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to improve our policies, systems and results. You may send related questions, comments, suggestions or feedback to our investor relations email account: irmultichem@multichem.com.sg

7. Stakeholder Engagement

An important starting point in our sustainability journey is to identify our stakeholders and material Sustainability Factors relevant to our business. These include entities or individuals that have an interest that is affected or could be affected by our activities.

Through a stakeholder mapping exercise performed, we identified our key stakeholders which we prioritise our engagements with. These key stakeholders include communities, customers, employees, regulators, shareholders and vendors.

The concerns of key stakeholders are considered when formulating corporate strategies. We adopt both formal and informal channels of communication to understand the needs of our key stakeholders and incorporate them in our corporate strategies to achieve mutually beneficial relationships.

The table below sets out how we engage our key stakeholders:

| S/N | Key stakeholder | Engagement channel | Frequency of engagement | Key concerns raised by stakeholder |
|-----|-----------------|--|-------------------------|--|
| 1 | Communities | <ul style="list-style-type: none">Community campaignsAnnual report | Ongoing | <ul style="list-style-type: none">Social inclusionEnvironmental initiatives |
| 2 | Customers | <ul style="list-style-type: none">Meetings and visitsEvents such as exhibitionsPhone calls | Ongoing | <ul style="list-style-type: none">Product diversityCustomer service |

SUSTAINABILITY REPORT

| S/N | Key stakeholder | Engagement channel | Frequency of engagement | Key concerns raised by stakeholder |
|-----|-----------------|---|-------------------------|---|
| 3 | Employees | <ul style="list-style-type: none"> Meetings and talks held by the Management Emails | Ongoing | <ul style="list-style-type: none"> Career development and training opportunities Work-life balance Job security Remuneration Workplace health and safety |
| | | Staff evaluation sessions | Yearly | |
| 4 | Regulators | Consultations and briefings organised by key regulatory bodies such as SGX-ST and relevant government agencies/ bodies | As and when required | <ul style="list-style-type: none"> Corporate governance Workplace health and safety |
| 5 | Shareholders | <ul style="list-style-type: none"> Annual general meeting Annual reports | Annually | <ul style="list-style-type: none"> Sustainable business performance Market valuation Dividend payments Corporate governance |
| | | Results announcement | Quarterly | |
| | | Dedicated email account for investor relations | Ongoing | |
| 6 | Vendors | <ul style="list-style-type: none"> Meetings and visits Email communications Phone calls Events such as vendor conferences | Ongoing | <ul style="list-style-type: none"> Ability to distribute products Maintain and expand brand presence Maximise end customers' satisfaction |

8. Policy, Practice and Performance Reporting

In line with our commitment to sustainability, a sustainability reporting policy ("**SR Policy**") covering our sustainability strategies, sustainability governance structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors is in place and serves as a point of reference in the conduct of our sustainability reporting process. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our stakeholder engagement, organisational and external developments.

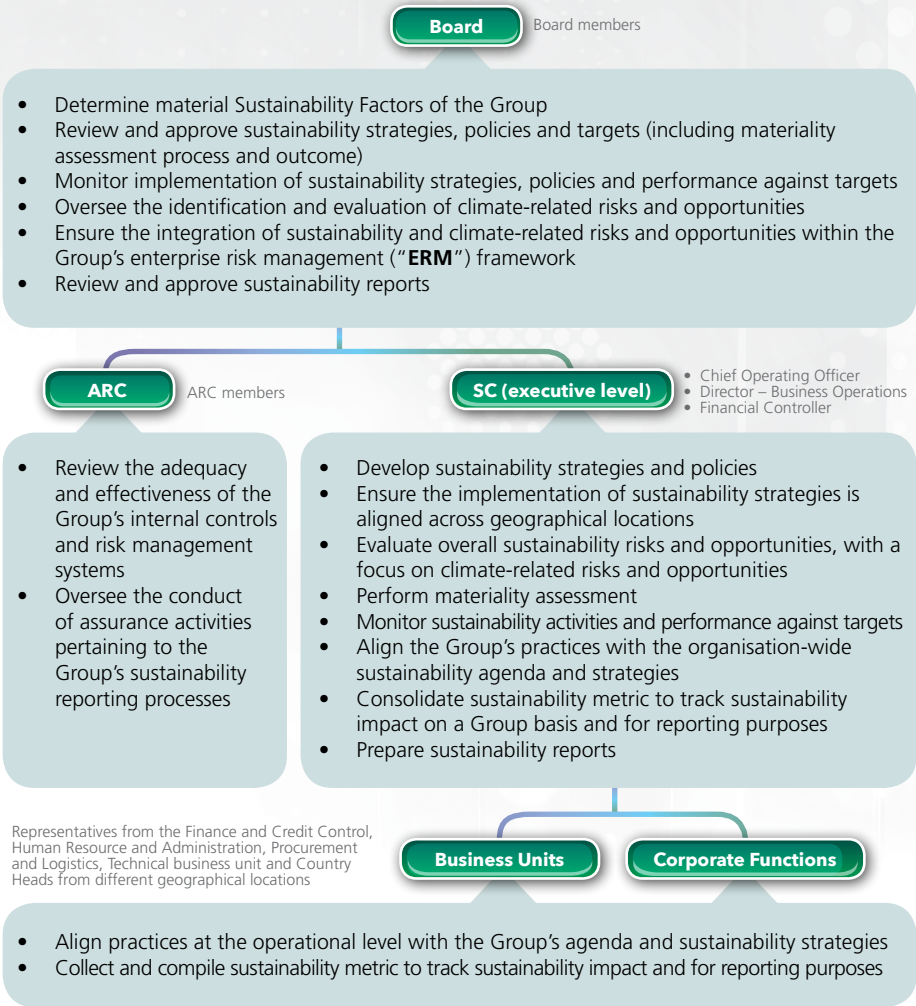
8.1 Sustainability Governance Structure

The Board advises and supervises the development of our sustainability strategy and performance targets. As part of our continual efforts to enhance and upgrade the knowledge of our Directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that all Directors have attended at least one (1) of the approved sustainability training courses.

SUSTAINABILITY REPORT

Our sustainability strategy is spearheaded by the Sustainability Committee (“SC”), which is led by our Chief Operating Officer and Director – Business Operations and assisted by the Financial Controller. The SC is further supported by representatives from key business units and corporate functions which include Human Resources and Administration, Procurement and Logistics, Finance and Credit Control, Technical, as well as Country Heads from our different geographical locations.

Besides the SC, the Board is also supported by the Audit and Risk Management Committee (“ARC”) on specific sustainability matters that fall under its terms of reference. Our sustainability governance structure and the responsibilities of component parties are detailed as follows:



SUSTAINABILITY REPORT

As we are still refining our sustainability related metrics measuring, tracking and target setting mechanism, we will link key executives' remuneration to sustainability performance when the mechanism is more mature and stable.

8.2 Sustainability Reporting Processes

Our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of material Sustainability Factors disclosed in this Report.

Processes involved are shown in the chart below:



SUSTAINABILITY REPORT

8.3 Materiality Assessment

We constantly refine our management approach to adapt to changes in the business landscape. An annual materiality assessment is performed by the SC to ensure that material Sustainability Factors disclosed in our sustainability reports remain current, material, and relevant. From the assessment, we identify key areas that impact our ability to create value for our stakeholders.

Impacts, positive and negative, actual and potential, are assessed based on: (i) the likelihood of occurrence of actual and potential negative and positive impacts; and (ii) their significance on the economy, environment, people and their human rights and contribution to sustainable development.

8.4 Performance Tracking and Reporting

We track the progress of our material Sustainability Factors by identifying the relevant sustainability metrics, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We consistently enhance our performance-monitoring processes and improve our data capturing systems. A Report is published annually in accordance with our SR Policy.

9. Material Factors Assessment









In FY2024, a materiality assessment was performed by the SC to update the material Sustainability Factors and this was followed by a stakeholder engagement exercise¹¹ to understand the concerns and expectations of our key stakeholders. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

We incorporated the SDGs from the UN Sustainability Agenda, as a supporting framework to shape and guide our sustainability strategy where appropriate. Below are the results showing how our material Sustainability Factors relate to these SDGs, along with a list of material Sustainability Factors applicable to the Group:

| S/N | Material Sustainability Factor | SDG | Key stakeholder | Our effort |
|----------|----------------------------------|---|---|---|
| Economic | | | | |
| 1 | Total customer satisfaction |  | <ul style="list-style-type: none">• Customers• Vendors | We are determined to bring outstanding products and services to our customers by offering a comprehensive product range, being attentive and responsive to customer feedback. |
| 2 | Sustainable business performance |  | <ul style="list-style-type: none">• Employees• Regulators• Shareholders | We contribute to economic growth by creating long-term value for our stakeholders. |

¹¹ The Company engaged both its internal and external stakeholders of customers, employees and suppliers for the materiality assessment performed.

SUSTAINABILITY REPORT

| S/N | Material Sustainability Factor | SDG | Key stakeholder | Our effort |
|----------------------|---|---|---|--|
| Environmental | | | | |
| 3 | Responsible waste management |  | <ul style="list-style-type: none"> Communities Regulators Shareholders | We constantly enhance our operating systems to move towards a paperless working environment and ensure proper disposal of technological equipment requiring special disposal. |
| 4 | Energy conservation and GHG emissions reduction |  | <ul style="list-style-type: none"> Communities Regulators Shareholders | We implement measures to reduce energy consumption, improve efficiency, lower GHG emissions, and at the same time, reduce costs. |
| 5 | Water conservation |  | <ul style="list-style-type: none"> Communities Regulators Shareholders | We implement checks and measures to reduce water wastage, which in turn help us to work towards achieving sustainable management and efficient use of natural resources. |
| Social | | | | |
| 6 | Equal employment opportunity |  | <ul style="list-style-type: none"> Employees | We treat all employees with respect and dignity, provide fair treatment regardless of gender, nationality, race or religion. |
| 7 | Employee safety and well-being |  | <ul style="list-style-type: none"> Employees Regulators | We implement measures to ensure a safe and secure working environment for our employees. |
| 8 | Employee retention and development |  | <ul style="list-style-type: none"> Employees | We invest in training, education and development of our people to enhance our business competencies. |
| 9 | Ongoing community engagement |  | <ul style="list-style-type: none"> Communities | We engage in various initiatives to help the communities. |
| Governance | | | | |
| 10 | Corporate governance and code of ethics |  | <ul style="list-style-type: none"> Regulators Shareholders | We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholders' value and carry out business with integrity by avoiding corruption in any form. |

SUSTAINABILITY REPORT

We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholders’ feedback and sustainability trends.

The details of each material Sustainability Factor are presented as follows:

9.1 Total Customer Satisfaction

Commitment

We strive to enhance customer satisfaction by obtaining insights from customer engagement and continually improving our services.

Approach

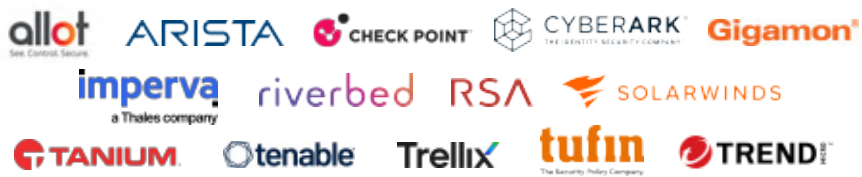
Our strategies towards customer satisfaction are as follows:

Offer an extensive and comprehensive product range that meets market’s needs

We believe that offering a comprehensive product range is crucial in achieving customer satisfaction as it allows them to select products that better meet their needs. To ensure that we continue to offer a comprehensive range of products, we constantly seek to identify new synergistic products and maintain a robust relationship with our vendors through the following:

- Meet sales targets set by the vendors;
- Support the vendors in achieving their strategic plans; and
- Establish a strong and effective communication channel with them at different staff level.

Key brands under distribution



Maintain presence and proximity to our customers

We strive to maintain an extensive network of operating locations, providing on-site sales, marketing as well as technical support to our reseller partners (customers). Such a network brings us closer to the markets we serve and more importantly, closer to our customers. As at 31 December 2024, we operate in 25 cities of 13 countries.

Nurture a team of highly trained and experienced employees to serve our customers

Our geographical footprint is driven by a core regional team and experienced professional staff that support our operations in the development and delivery of solutions to our customers. You may refer to section 9.8 for details on employee retention and development.

SUSTAINABILITY REPORT

Performance

During the Reporting Period, we continue to maintain a comprehensive range of more than 70 product brands (FY2023: more than 70 product brands).

9.2 Sustainable Business Performance

Commitment

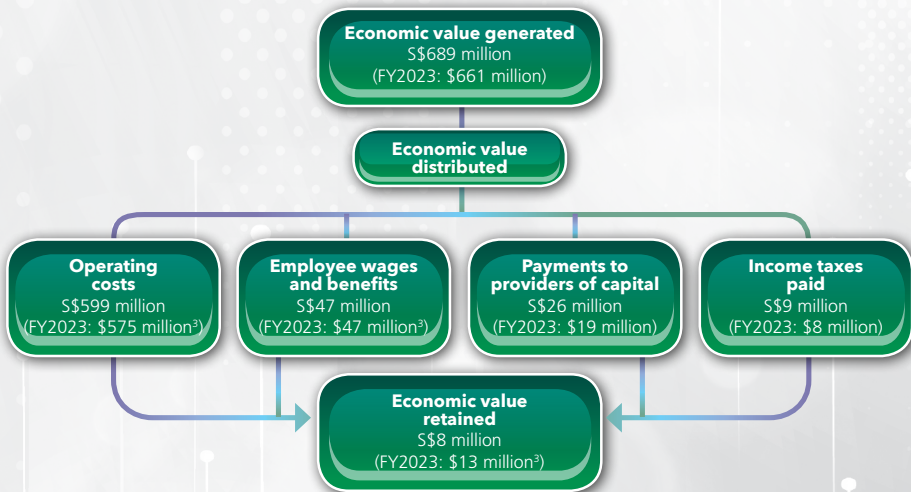
We are committed to provide value to various stakeholders through relevant and meaningful ways.

Approach

We strive to generate and distribute economic value via our business strategy, which includes staying abreast with market trends, maintaining a healthy balance sheet and strong cash flow, mitigating relevant business risks identified.

Performance

In line with this commitment, value created in FY2024 is distributed to various kay stakeholders as follows to enable a more sustainable future:



Refer to the financial statements in this annual report for the Group's financial performance and financial risk management disclosure on our efforts and progress in maintaining financial sustainability.

SUSTAINABILITY REPORT

9.3 Responsible Waste Management

Commitment

We recognise that environmental preservation through efficient waste management, such as reusing and recycling, allows us to operate in a conducive and sustainable environment. It also helps us in achieving both short and long-term cost savings which enhance returns to our shareholders.

Approach

Our key initiatives on this front are as follows:

Moving towards a paperless working environment

We constantly enhance our operating systems to move towards a paperless working environment. Such enhancements include the deployment of an integrated business system to minimise usage of transit documents, whereby forms are approved electronically and electronic version of sales and purchasing related documents are issued.

Proper waste management and disposal

We recognise that technological equipment distributed by us often contain components such as plastics and heavy metals, which may cause environmental damage if not properly disposed. Proper disposal of equipment is both environmentally responsible and often required by law.

Performance

During the Reporting Period, the total weight of technological equipment waste generated by the Group was 3 tonnes (FY2023: 6 tonnes), of which 100% (FY2023:100%) was disposed through licensed waste collectors.

The decrease in total weight of technological equipment waste generated in FY2024 was primarily attributed to a Group-wide initiative carried out in FY2023 to identify and dispose equipment waste accumulated by the Entities Covered.

9.4 Energy Conservation and GHG Emissions Reduction

Commitment

We acknowledge that our energy consumption and the relevant GHG emissions contribute to climate change. Accordingly, we are committed to reduce our carbon footprint whilst open to capitalise on opportunities that may arise as we transit to become a low-carbon organisation.

SUSTAINABILITY REPORT

Approach

We aim to reduce our carbon footprint and at the same time, establish operational resilience to deliver long-term and sustainable value to our stakeholders of communities, shareholders, employees, customers and suppliers. We adopt a balanced approach in effectively managing and minimising the impacts arising from our business operations.

Decarbonisation approach

To conserve energy and manage our GHG emissions, we have set up a seven (7)-step continuous circular process as follows:



SUSTAINABILITY REPORT

On a yearly basis, we update our GHG emission profile for our Scope 1, 2 and 3 GHG emissions based on defined organisational boundaries. We will also conduct a GHG emissions profiling exercise whenever there are significant changes in our business models and work processes. To run our operations, we rely mainly on purchased electricity to operate equipment at our premises such as for lighting, office work and cooling, which generates indirect GHG emissions (Scope 2). We do not generate material direct GHG emissions (Scope 1) from our operations and therefore, no separate disclosure is made on direct GHG emissions (Scope 1). Nonetheless, we will continue to monitor such emissions and to disclose in future, as and when applicable.

We track and monitor our Scope 2 and certain categories of Scope 3 GHG emissions closely and are developing mechanisms to track our other categories of our scope 3 GHG emissions, where relevant and practicable. We also developed a climate change transition plan and will refine and improve our climate change transition plan as we progressively implement the plan, by considering changes in business operations, environment and market trends. Progress updates and performance will be provided in our future sustainability reports with assurance on the reporting process covered by an internal review.

We measure our GHG emissions in alignment with the GHG Protocol: A Corporate Accounting and Reporting Standard (2004). We adopted the operational control approach as a basis to determine GHG emissions data consolidation boundaries across our entities. This approach has been selected as it allows us to manage emissions from our operations where we have practical control to introduce relevant measures and implement operating policies. We have assessed that we have operational control over the Entities Covered.

[Climate change transition plan](#)

Our climate change transition plan steers us on our decarbonisation journey. Under this plan, we commit to reduce our absolute Scope 2 GHG emission by 25% and by FY2035 and aspire to achieve carbon neutrality by FY2050, with FY2022 as our baseline. Our climate change transition plan is focused on two (2) strategic levers of reduce and neutralise as follows:



SUSTAINABILITY REPORT

Details of our strategic levers adopted in our climate change transition plan are as follows:

| Lever | Reduce | Neutralise |
|------------|--|--|
| Focus area | <ul style="list-style-type: none">• Energy efficiency<ul style="list-style-type: none">◦ Lighting◦ Cooling• Clean energy• Behavioural changes | <ul style="list-style-type: none">• Renewable energy certificates ("REC")• Carbon credits |

We continuously strive to improve our energy use and efficiency through the following initiatives:

| Lever | Key initiative | Description |
|------------|--|--|
| Reduce | Energy efficiency - Lighting | Our initiatives on this front include: <ul style="list-style-type: none">• Switch to energy-efficient LED lightings wherever possible; and• Install light sensors in toilets. |
| | Energy efficiency - Cooling | We replace older and less energy efficient air conditioning units with more efficient ones when they are due for replacement. |
| | Clean energy | We are constantly exploring opportunities to source for clean and/or renewable energy where we operate in. |
| | Behavioural changes | We constantly remind our employees on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use, enabling power saving modes and optimising operating temperatures. |
| Neutralise | <ul style="list-style-type: none">• REC• Carbon credits | We plan to explore the use of REC and carbon credits to offset unavoidable residual emissions when the relevant markets mature. |

During the Reporting Period, we placed USD 2 million in the form of Green and Sustainable Deposit ("Green Deposit") with a financial institution. The Green Deposit is deployed for provision of green loans that have a direct impact on the environment and cover eligible assets and activities that meet specific environmental, social and governance criteria. These include green real estate, renewable energy, energy efficiency, smart city infrastructure and the circular economy.

SUSTAINABILITY REPORT

Performance

Key statistics on electricity consumption and GHG emissions during the Reporting Period are as follows:

| Sustainability metric | | Unit measurement | FY2024 | FY2023 |
|-----------------------------------|---|------------------|--------|--------|
| Energy consumption | | | | |
| Electricity consumption | GJ | | 2,507 | 2,503 |
| Electricity consumption intensity | GJ/ square foot of office space | | 0.037 | 0.037 |
| GHG emissions | | | | |
| Indirect GHG emissions (Scope 2) | tonnes CO ₂ e | | 383 | 378 |
| GHG emissions intensity | tonnes CO ₂ e/ square foot of office space | | 0.006 | 0.006 |

We expanded the coverage of Scope 3 GHG emissions¹² as follows:

| Category | Coverage | Entity | Unit of measurement | FY2024 | FY2023 |
|--|---|---|--------------------------|--------|------------------|
| Category 1: Purchased goods and services | Tap water | Entities Covered | tonnes CO ₂ e | 1 | 1 ¹³ |
| Category 6: Business travel | Air travel | | tonnes CO ₂ e | 83 | NA ¹⁴ |
| Category 7: Employee commuting | Transportation of employees between their homes and their worksites | <ul style="list-style-type: none">• MCL• MTHD• MTSG | tonnes CO ₂ e | 25 | 26 |

9.5 Water Conservation

Commitment

We recognise the importance to manage our water consumption efficiently and avoid the depletion of valuable water resources. Accordingly, we are committed to the responsible usage of water resources through enhancing our water consumption efficiency.

¹² Scope 3 GHG emissions were calculated using a mix of emission factors from “Life cycle assessment of water supply in Singapore — A water-scarce urban city with multiple water sources” and calculation tools comprising International Civil Aviation Organization Carbon Emissions Calculator and Carbon and Emissions Recording Tool.

¹³ GHG emissions for FY2023 were revised due to the adoption of updated emission factors published by the relevant agency for comparability.

¹⁴ No comparative data is available as we started tracking this category of Scope 3 GHG emission in FY2024.

SUSTAINABILITY REPORT

Approach

We use water resources mainly for cleaning purposes in our premises. We mainly source our water supply from municipal water suppliers¹⁵. Key initiatives to reduce our water consumption are as follows:

- Placing notes within the premises to remind staff to save water;
- Turning off taps and repairing leaks promptly; and
- Tracking and reviewing spending on water consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns.

Performance

Key statistics on water consumption during the Reporting Period are as follows:

| Resource | Water consumption (Cu M) | | Water consumption intensity (Cu M/ total number of employees) | |
|----------|--------------------------|--------|---|--------|
| | FY2024 | FY2023 | FY2024 | FY2023 |
| Water | 1,648 | 1,811 | 4.64 | 3.85 |

During the Reporting Period, there was a change in the office lease arrangement of a key entity covered, which resulted in the consolidation of its water consumption data under the utility account of the landlord. As a result, the water consumption data of the key entity covered was no longer available, and the calculation of the related intensity ratio was adjusted accordingly. Given that the water consumption intensity of the key reporting entity was lower than the other Entities Covered, the overall intensity increased.

We will continue to monitor and track our water consumption such that remains at a manageable level.

9.6 Equal Employment Opportunity

Commitment

Human resource is a key asset of the Group. A diversified workforce supports business sustainability by offering fresh perspectives and ideas that contribute to the growth of our operations.

¹⁵ Disclosure on water drawn from water stress areas is not made as it is not applicable. The Group does not contribute significantly to the ability of any of the country in which it operates in, to meet the human and ecological demand for water.

SUSTAINABILITY REPORT

Approach

We are committed to the goals of diversity, equal opportunity and safety in employment through the following:

[Integrating flexible work arrangements](#)

We provide working parents with flexible working arrangements that support our employees' caregiving needs. For example, our employees are allowed to leave work early to pick up their children. We believe that such flexibility helps us to retain talent by building employee loyalty, which in turn enhances overall productivity.

Such arrangements are also aligned with the Singapore government's objective of improving the country's total fertility rate as well as the Tripartite Guidelines on Flexible Work Arrangements Request¹⁶.

[Made for Families](#)

As a form of support for the Made for Families initiative introduced by the Prime Minister's Office of Singapore to assure that families will emerge stronger from the Pandemic, we offer telecommuting and flexi work hours for our employees to tend to family matters.

[Adopting fair employment practices](#)

To promote diversity and equal opportunity, we have put in place the following policies and measures:

- A human resource policy to select employees based on merit and competency;
- A policy on fair employment practices to reinforce commitment to diversity and equality in the workplace;
- A sexual harassment policy to ensure every employee has the right to work in an environment free from all forms of discrimination and conduct which can be considered harassing, coercive and disruptive;
- Employees are evaluated yearly and rewards are linked to their performance; and
- Long service awards are given out to valuable employees with continuous employment records regardless of their race, age, gender, sexuality, disability or culture.

¹⁶ The Tripartite Guidelines on Flexible Work Arrangements Requests specifies practices that employers should implement at the workplace to help their employees better manage their work-life needs and also a key component in talent attraction and retention strategies and can support business continuity when work exigencies arise.

SUSTAINABILITY REPORT

Performance

The total number of full-time employees under the Entities Covered as at 31 December 2024 is 582 (as at 31 December 2023: 594). Key statistics on employee demographics are as follows:

Gender diversity (%)

We view gender diversity in the Board as an essential element in supporting sustainable development. We have a female representation of one Director (FY2023: one) in the Board or 17% (FY2023: 15%) of the Board. Key statistics on gender diversity of our employees are as follows:

| Disclosure | FY2024 | | FY2023 | |
|--------------------------|--------|--------|--------|--------|
| | Male | Female | Male | Female |
| Overall | 58% | 42% | 58% | 42% |
| Employee category | | | | |
| Management | 58% | 42% | 55% | 45% |
| Non-management | 58% | 42% | 59% | 41% |

Age diversity (%)

As compared to the other industries, workers engaged in the IT industry tend to be younger. Key statistics on age diversity of our employees are as follows:

| Disclosure | FY2024 | | | FY2023 | | |
|--------------------------|----------|---------|----------|----------|---------|----------|
| | Below 30 | 30 - 50 | Above 50 | Below 30 | 30 - 50 | Above 50 |
| Overall | 19% | 74% | 7% | 19% | 75% | 6% |
| Employee category | | | | | | |
| Management | - | 73% | 27% | - | 77% | 23% |
| Non-management | 21% | 74% | 5% | 21% | 75% | 4% |

Educational diversity (%)

Our employees are from different educational background, and we seek to create an inclusive environment for them. Due to the nature of the business covered in this Report, our workforce is predominantly tertiary educated (with a diploma and above). Such employees contribute 91% (as at 31 December 2023: 90%) of the employees under the Entities Covered as at 31 December 2024. Upon joining us, employees are assessed and rewarded primarily based on merit.

During the Reporting Period, there was no (FY2023: zero) reported incident of unlawful discrimination against employees.

SUSTAINABILITY REPORT

9.7 Employee Safety and Well-being

Commitment

We strive to ensure good health and safety for our employees in the workplace. A working environment that supports equal opportunity for all helps to create a level platform for employees to excel and showcase their potential in contributing to the Group.

Approach

In line with our commitment to promote a healthy and safe work environment with a strong workplace safety culture, new employees are briefed on safety procedures during orientation, workplace accidents are tracked and monitored regularly, and related corrective procedures are followed through.

To support the well-being of our employees, we provide employee benefits including reimbursement of expenses incurred from medical consultation, treatment and medicine, as well as health incentives such as dental check-ups, health supplements and gym memberships.

To celebrate the team’s achievements and to show appreciation of their efforts, we gathered employees from Singapore, for Lunar New Year Lou-Hei dinner, and together with our employees based in Johor Bahru, for a staff incentive trip to Japan and our dinner and dance (“DND”) event.



Staff incentive trip to Japan from 21 to 26 May 2024



DND night on 15 November 2024

SUSTAINABILITY REPORT

Performance

During the Reporting Period, we recorded no (FY2023: zero) workplace fatalities, no (FY2023: zero) high consequence work-related injuries, no (FY2023: zero) recordable work-related injuries and no (FY2023: zero) work-related ill health cases during the Reporting Period. We will continuously work towards maintaining zero workplace accidents.

9.8 Employee Retention and Development

Commitment

We recognise the importance of providing equitable and quality education for our employees. We believe that having a strong team is critical in supporting customers for the products we distribute.

Approach

We place a high priority on the competency development of our engineers as we believe that an effective employee training programme is vital to employee retention and the long-term success of any business. The training programme includes training courses on cyber security engineering, administration and troubleshooting for our engineers.

In addition, we have a regional team of certified pre-sales and post-sales engineers in place to educate and support our customer-facing employees on the technical aspects of the products that we distribute. Each regional team is led by a senior engineer with extensive years of field experience and each individual engineer is trained, certified and qualified to install, implement and maintain the assigned products.

We demonstrate our commitment to employee development by providing our employees with the opportunity to work for a period in our overseas subsidiaries to further enhance their experience. Selected employees are also given the opportunity to attend local or overseas trade shows or vendors' events to gain more product knowledge and network.

In addition, staff assessments are performed regularly to evaluate the performance of employees, and this helps to encourage them to take self-initiated enrichment actions to improve themselves.

SUSTAINABILITY REPORT

Performance

Parental leave

Key statistics on maternity leave and paternity leave (collectively as “**Parental Leave**”) taken by eligible employees are as follows:

| Disclosure | FY2024 | | FY2023 | |
|---|--------|--------|--------|--------|
| | Male | Female | Male | Female |
| Number of employees entitled to Parental Leave | 4 | 6 | 7 | 10 |
| Number of employees who took Parental Leave | 3 | 6 | 7 | 10 |
| Number of employees who returned to work after Parental Leave ended | 3 | 5 | 7 | 10 |
| Return to work rate of employees who took Parental Leave | 100% | 83% | 100% | 100% |
| Retention rate of employees 12 months after they returned to work from Parental Leave ¹⁷ | 86% | 80% | 100% | 75% |

New hires

During the Reporting Period, our hiring rate was 10% (FY2023: 13%). Detailed statistics on new employee hires are as follows:

| Disclosure | FY2024 | | FY2023 | |
|--------------------------|--------|------------|--------|------------|
| | Number | Percentage | Number | Percentage |
| Overall new hires | 56 | 10% | 78 | 13% |
| Gender | | | | |
| Male | 34 | 10% | 56 | 16% |
| Female | 22 | 9% | 22 | 9% |
| Age | | | | |
| Above 50 | 1 | 3% | 2 | 6% |
| 30 to 50 | 28 | 6% | 31 | 7% |
| Below 30 | 27 | 24% | 45 | 39% |

¹⁷ Retention rate is calculated based on employees who took Parental leave in the preceding reporting period.

SUSTAINABILITY REPORT

Turnover

During the Reporting Period, our overall turnover rate was 12% (FY2023: 17%). Detailed statistics on employee turnover are as follows:

| Disclosure | FY2024 | | FY2023 | |
|------------------|--------|------------|--------|------------|
| | Number | Percentage | Number | Percentage |
| Overall turnover | 68 | 12% | 102 | 17% |
| Gender | | | | |
| Male | 42 | 12% | 62 | 18% |
| Female | 26 | 11% | 40 | 16% |
| Age | | | | |
| Above 50 | 2 | 5% | 9 | 28% |
| 30 to 50 | 50 | 12% | 73 | 16% |
| Below 30 | 16 | 14% | 20 | 17% |

Overall hiring and turnover rate decreased in FY2024 mainly due to improved market conditions and a more stabilized workforce.

Employee training

During the Reporting Period, the average training hours per employee was 60 (FY2023: 56). Detailed statistics on employee training are as follows:

| Disclosure | FY2024 | FY2023 |
|-------------------------------------|--------|--------|
| Overall | | |
| Total training hours | 3,871 | 3,430 |
| Average training hours per employee | 60 | 56 |
| Gender (Male) | | |
| Total training hours | 3,040 | 2,656 |
| Average training hours per employee | 53 | 49 |
| Gender (Female) | | |
| Total training hours | 831 | 774 |
| Average training hours per employee | 119 | 111 |

SUSTAINABILITY REPORT

[Performance appraisal](#)

Key statistics on employees who received performance and career development reviews are as follows:

| Disclosure | FY2024 | | FY2023 | |
|-------------------|--------|------------|--------|------------|
| | Number | Percentage | Number | Percentage |
| Overall | 539 | 97% | 556 | 94% |
| Gender | | | | |
| Male | 310 | 97% | 320 | 92% |
| Female | 229 | 98% | 236 | 96% |
| Employee category | | | | |
| Management | 44 | 96% | 43 | 91% |
| Non-management | 495 | 97% | 513 | 94% |

Employees who did not receive performance appraisal or career development reviews comprise those under probation and their performance would be reviewed upon confirmation of their employment.

9.9 Ongoing Community Engagement

Commitment

We are committed to contribute to a progressive and healthy society and strive to set a good example and encourage individuals and other corporations to embrace the spirit of giving as we recognise that the long-term success of our business is closely related with the health and prosperity of the communities which we operate in.

Approach

During the Reporting Period, we engaged in various initiatives to help the communities as follows:

[Nurture financially challenged but deserving undergraduates](#)

Arising from a collaboration with Singapore Institute of Technology (“SIT”) in year 2018, we contributed SGD 67,000 to SIT to set up an endowment fund (“M.Tech Bursary”) for financially challenged but deserving undergraduates. The bursary is used to fund the recipient’s education expenses such as tuition fees, course materials, expenses for overseas immersion programme conducted by the institute and fees for other education activities organised by the institute. To support our initiative, the Ministry of Education has further contributed an amount of SGD 100,500 to the bursary. A bursary of SGD 5,000 has been awarded annually from the year 2019 onwards.

The above initiative demonstrates our support for the academic and personal growth of deserving and needy individuals from our community.

SUSTAINABILITY REPORT

Support worthy causes of charities

During the Reporting Period, we donated over SGD 330,972 to various community campaigns in Singapore and overseas. These included contributions to the Metta Welfare Association, Mainly I Love Kids Fund, Society for the Physically Disabled ("SPD"), PAP Community Foundation, ITE Education Fund in Singapore. Additionally, we supported flood relief efforts in Yen Bai, Vietnam and education development initiatives in India.



Sponsor for SPD Charity Golf on 25 July 2024



Sponsor for ITG Charity Golf on 26 July 2024



Donation of supplies to Tuy Loc Primary and Secondary School in Yen Bai, Vietnam on 17 September 2024



Donation to Vanavasi Kalynana for education development in India on 31 March 2024

SUSTAINABILITY REPORT

Football With A Heart (“FWAH”)

FWAH is the largest executive football charity fundraiser whereby teams from various corporations come together for a friendly football tournament. All proceeds from the event go towards 57 unique charities and social enterprises in areas such as sports, youth development, sustainability, strengthening of family and community bonds, and enabling the charity sector. During the Reporting Period, we donated SGD 24,000 to the FWAH fundraiser and participated in its “FWAH 2024” fundraising event.



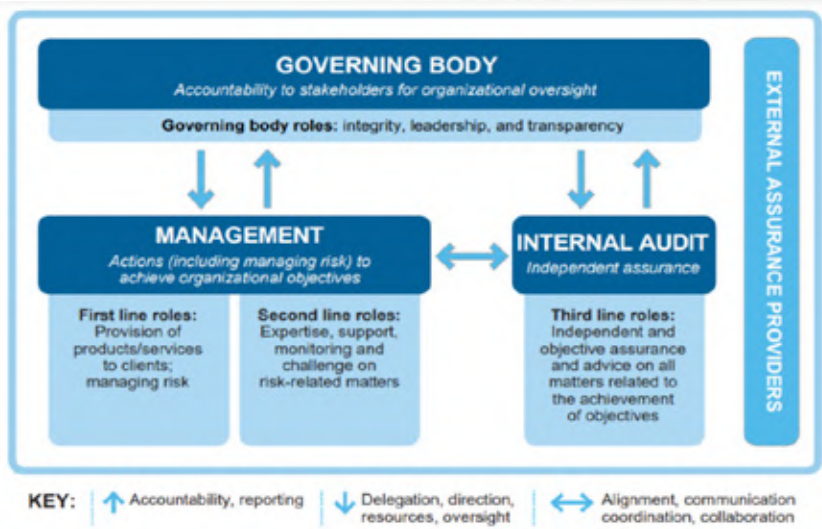
9.10 Corporate Governance and Code of Ethics

Commitment

A high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders’ interest and maximising long-term shareholder value.

Approach

We aligned our corporate governance and risk management approach with the Three Lines Model issued by the Institute of Internal Auditors (“IIA”). The Three Lines Model serves to identify structures and processes that best assist the achievement of organisational objectives and facilitate strong governance and risk management. Under the Three Lines Model, the roles and responsibilities of governing body, management (first- and second-line roles), internal audit (third line roles) and the relationship among them are defined as follows:



Source: Three Lines Model of the IIA

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On risk management, we have in place an **ERM** framework to track and manage the risks in which we are exposed. Such risks include financial, operational, compliance and strategic risks. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability. With a positive and proactive attitude, we believe that risks faced by the Group could be converted into opportunities and favourable results.

Our policies and commitments for enforcing anti-corruption and ethical business practices are as follows:

- A code of conduct that outlines expectations for employees and the consequences for any violations of rules or standards not being met. Additionally, clear and fair grievance procedures are detailed in the employee handbook;
- A whistleblowing policy that offers a mechanism for employees and external parties to report concerns about alleged wrongful acts and suspected fraudulent activities. The policy is sent to employees twice a year and stored in cloud storage folders, accessible to employees, who can file complaints directly via email to members of the ARC. Follow-up procedures regarding matters raised are also stated, and whistleblowers are assured that actions taken in good faith will not adversely affect their work or performance evaluations;
- An anti-trust and fair competition, anti-money laundering, data protection and privacy policy that outlines fair competition on business practices and open markets, allowing employees to report suspected fraudulent activities anonymously to their Department Head, Human Resources, or any member of the management staff, and implement measures to safeguard personal data collected from our stakeholders; and
- We seek to comply with the relevant laws and regulations including the Mainboard Rules of SGX-ST, Companies Act and Employment Act.

You may refer to the Corporate Governance Report of this Annual Report for further details on our corporate governance practices.

Performance

During the Reporting Period, there were no incidents of serious offence reported (FY2023: zero incidents).

An independent investigation was conducted by Shook Lin & Bok LLP on the Group's use of funds in 2023 for marketing and promotional expenses during the Reporting Period. The investigation was completed but did not lead to any serious offence reported. For further details, please refer to our announcement via SGXNet on 20 December 2024 and page 209 of this Annual Report.

SUSTAINABILITY REPORT

10. Targets and Progress

To measure our ongoing sustainability performance and drive continuous improvement, we have developed a set of targets related to our material Sustainability Factors. Our progress against these targets is reviewed and reported on an annual basis with details as follows:

| S/N | Material Sustainability Factor | Target ¹⁸ | Current year's progress against progressive target set for FY2024 ¹⁹ |
|---------------|---|--|--|
| Economic | | | |
| 1 | Total customer satisfaction | <u>On-going</u> Maintain a comprehensive range of products | ● ● ● Maintained a comprehensive range of products |
| 2 | Sustainable business performance | <u>On-going and long-term</u> Maintain or improve economic value generated subject to market conditions | ● ● ● Improved economic value generated |
| Environmental | | | |
| 3 | Responsible waste management | <u>Short-term</u> Maintain or improve total waste diverted from disposal | ● ● ● Improved total waste diverted from disposal |
| 4 | Energy conservation and GHG emissions reduction | <u>Short-term</u> Maintain or reduce GHG emissions intensity by 2025, with FY2022 as our baseline | ● ● ● No material changes in GHG emissions intensity |
| | | <u>Medium-term and long-term</u> Reduce our aggregated absolute Scope 2 GHG emissions by 25% by FY2035 and aspire to achieve carbon neutrality by FY2050, with FY2022 as our baseline | ● ● ● No material changes in absolute Scope 2 GHG emissions |
| 5 | Water conservation | <u>Short-term</u> Maintain or reduce water consumption intensity (Cu M/ total number of employees) | ● ● ● Water consumption intensity increased by 21% despite a fall in our overall consumption. During the Reporting Period, there was a change in the office lease arrangement of a key entity covered, which resulted in the consolidation of its water consumption data under the utility account of the landlord. As a result, the water consumption data of the key entity covered was no longer available, |

¹⁸ Time horizons for target settings are: (i) short term: within five (5) years (until FY2028); (ii) medium term: between five (5) and 20 years (between FY2028 and FY2043); (iii) long term: above 20 years (FY2043 onwards); and (iv) ongoing: encompassing short, medium, and long term.

¹⁹ You may refer to the FY2023 Annual Report for details on targets set for FY2024.

SUSTAINABILITY REPORT

| S/N | Material Sustainability Factor | Target ¹⁸ | Current year's progress against progressive target set for FY2024 ¹⁹ |
|----------------------------------|---|--|--|
| Environmental (Continued) | | | |
| | | | <p>and the calculation of the related intensity ratio was adjusted accordingly. Given that the water consumption intensity of the key reporting entity was significantly lower than the other Entities Covered, the overall intensity increased.</p> <p>We will continue to monitor and track our water consumption such that remains at a manageable level.</p> |
| Social | | | |
| 6 | Equal employment opportunity | <u>On-going and long-term</u> Maintain zero reported incident of unlawful discrimination against employees | ● ● ● Maintained zero reported incident of unlawful discrimination against employees |
| 7 | Employee safety and well-being | <u>On-going and long-term</u> Maintain zero work-related injuries and ill health cases | ● ● ● Maintained zero work-related injuries and ill health cases |
| 8 | Employee retention and development | <u>On-going</u> <ul style="list-style-type: none"> Maintain or improve employee retention rate subject to market condition Continue to provide training opportunities for development and growth to keep our employees motivated and engaged | ● ● ● <ul style="list-style-type: none"> Improved employee retention rate by 32% due to improved market conditions and a more stabilized workforce. Continued to provide training opportunities for development and growth to keep our employees motivated and engaged |
| 9 | Ongoing community engagement | <u>On-going and long-term</u> Initiate various campaigns to help the communities | ● ● ● Continued to initiate various campaigns to help the communities |
| Governance | | | |
| 10 | Corporate governance and code of ethics | <u>On-going and long-term</u> Maintain zero incident of serious offence | ● ● ● Maintained zero incident of serious offence |

Legend Progress tracking

- ○ ○ New target
- ● ● Target achieved
- ● ○ On track to meet target
- ○ ○ Not on track, requires review

SUSTAINABILITY REPORT

For the material Sustainability Factors identified this Report, the Board and SC have considered the relevance and usefulness of setting related targets in the short, medium and long-term horizon. As the historical data trends for certain material Sustainability Factors have yet to stabilise, we have not set the related medium and long-term targets and will disclose such targets in our future sustainability reports when the data trends have stabilised and subject to market trends.

11. Supporting the TCFD

Our climate-related disclosures are produced based on the 11 recommendations of TCFD.

Governance

a. Describe the Board's oversight of climate-related risks and opportunities.

The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies on an annual basis.

b. Describe management's role in assessing and managing climate-related risks and opportunities.

Our sustainability strategy is developed and directed by the senior management in consultation with the Board. The Board is ultimately responsible for the oversight of the Group's sustainability matters and is primarily supported by the SC. The SC is led by our Chief Operating Officer and Director – Business Operations and assisted by the Financial Controller. It also comprises senior management executive and representatives from key Group functions, as well as selected Country Heads from our different geographical locations. The responsibilities of the SC include performing materiality assessment, considering stakeholders' priorities, setting targets, as well as collecting, verifying, monitoring and reporting performance data.

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

We recognise that climate change poses different types of risks to our business. The Group's assessment on potential implication of climate-related risks was undertaken based on the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS") range of climate scenarios:

| Scenario | Description |
|------------------------|---|
| NGFS – Orderly | This scenario assumes that climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued through cohesive stringent climate policies and innovation. |
| NGFS – Hot house world | This scenario assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise. Only currently implemented policies are preserved, leading to high physical risks. |

SUSTAINABILITY REPORT

We selected NGFS' orderly and hot house world scenarios for the purpose of our qualitative climate scenario analysis. The impact of the climate-related risks is analysed on Group-wide activities in the short term (within 5 years, until FY2028), medium term (between 5 and 20 years, between FY2028 and FY2043) and long term (above 20 years, FY2043 onwards). Based on the above-mentioned scenarios, the climate-related risks and opportunities identified by the Group during the ERM exercise includes the following:

| Risk and potential impact | Significance of financial impact ²⁰ | | | | Mitigation measure | Climate-related opportunity |
|---|--|------------|-------------|-----------|--|--|
| | Current effect (SGD) | Short term | Medium term | Long term | | |
| Key physical risk identified | | | | | | |
| Increased severity of extreme weather events | | | | | | |
| Adverse changes in climate patterns such as rising temperatures and extreme weather events (such as floods and droughts) may disrupt the Group's supply chains and consequently cause procurement delays, which will in turn adversely affect its business performance. Additionally, with rising temperatures and more frequent heatwaves resulting from global warming and climate change, the risks of increased cooling expenditures and reduced labour productivity are expected to rise. We remain vigilant in monitoring the impact of climate change on our operations, mindful of the alarming estimated global cost of USD 16 million per hour ²¹ arising from climate-related damage. | Scenario: Orderly | | | | We put in place a climate change transition plan to steer us on our decarbonisation journey. The increased severity of extreme weather events drove us in transiting to electricity from renewable energy sources through the redemption of renewable energy certificates. We also invested in technologies such as sensors to manage energy consumption, generate energy savings and reduce GHG emissions. You may refer to Section 9.4 for further details. | In view of the potential environmental risks and the resultant emerging needs for energy efficiency and lower emissions, the Group realises the opportunity to invest in energy-efficient technologies and renewable energy use. |
| | NA ²² | ● | ● | ● | | |
| | Scenario: Hot house world | | | | | |
| | NA ²² | ● | ● | ● | | |

²⁰ Significance of financial impact is determined based on the risk appetite established in accordance with the Group's ERM framework.

²¹ Source: <https://www.weforum.org/agenda/2023/10/climate-loss-and-damage-cost-16-million-per-hour/>

²² We are unable to estimate the current financial effect due to uncertainties in the inputs and assumptions resulting from the lack of available data, including information about climate outcomes and their effects on the Group. We will continue to monitor credible information to support our disclosures in this area.

SUSTAINABILITY REPORT

| Risk and potential impact | Significance of financial impact ²⁰ | | | | Mitigation measure | Climate-related opportunity |
|--|--|------------|-------------|-----------|--|---|
| | Current effect (SGD) | Short term | Medium term | Long term | | |
| Key transition risk identified | | | | | | |
| <i>Enhanced GHG emissions reporting obligations</i> | | | | | | |
| <p>With rising concerns over the effects of climate change, key stakeholders such as the regulators and shareholders are demanding climate-related information. Failure to comply with the relevant climate reporting requirements may lead to adverse impacts on the Group's reputation and financial performance.</p> <p>The enhanced obligations for GHG emissions reporting may result in increased costs due to the investment of manpower resource in more comprehensive data collection, analysis, and reporting processes, greater involvement from management, and additional costs for consultant and employee training.</p> | Scenario: Orderly | | | | <p>To strengthen our sustainability governance structure, we put in place a SC for managing and monitoring our material Sustainability Factors, including working with the various business units and corporate functions to ensure that these are integrated into our day-to-day operations.</p> <p>In addition, we established terms of reference for component parties involved in the sustainability reporting process, for clarity and accountability purposes.</p> <p>With the above, we will be in a better position to meet the changes in regulations and rising expectations of stakeholders on the environment.</p> | <p>The enhanced emissions reporting obligations and increase in regulatory costs will raise climate awareness among our employees.</p> <p>With more defined job responsibilities and training, the Group will also be better positioned to use energy resources responsibly and adopt environmentally friendly practices.</p> |
| | 15,000 to 21,000 | ● | ● | ● | | |
| | Scenario: Hot house world | | | | | |
| | 15,000 to 21,000 | ● | ● | ● | | |

Legend:

● Minor

● Moderate

● Major

SUSTAINABILITY REPORT

In terms of our business strategy and financial planning based on the scenarios above, we will continue to formulate adaptation, and mitigation plans and explore allocating resources towards transitioning to low-carbon practices. We strive to minimise the climate risks associated with our business and will seize opportunities in an effective manner such as expanding collaboration and partnership with key stakeholders to innovate and develop low carbon goods and services for the market.

Strategy

- c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.*

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

Through our climate scenario analysis, we concluded that under warning scenario 1 (hot house world), unmitigated climate risks of extreme weather events may result in a severe financial impact in the medium and long term. Under warming scenario 1 (orderly), the climate-related risks identified are not expected to result in significant financial impacts in the short, medium or long-term. We will incorporate these findings and considerations into our strategy, decision-making and ERM approach moving forward.

Risk Management

- a. Describe the organisation's processes for identifying and assessing climate-related risks.*
b. Describe the organisation's processes for managing climate-related risks.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

We acknowledge that maintaining a sound system of climate-related risk management is imperative to safeguarding the interests of the Group and fostering trust with our stakeholders. To keep abreast of any changes in existing regulatory requirements and maintain good corporate governance, we proactively identify any major climate-related risks relevant to your business, as well as reviewing key climate-related risk performance regularly.

Climate-related risk management is covered under our ERM framework whereby potential climate-related risks are identified, assessed, monitored and managed. Under the framework, business units and functions are responsible for identifying and documenting their relevant climate-related risk exposures that might hinder their progress towards contributing to the Group's business objectives. Climate-related risks and opportunities, along with their treatment plans, are reviewed and updated during the ERM assessment exercise and are subsequently presented to the ARC along with the other key enterprise-wide risks. Climate-related risks are also monitored based on the trend of climate-related sustainability metrics.

SUSTAINABILITY REPORT

Metrics and Targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in this Report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts.

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

To support the climate change agenda, we disclose our Scope 2 and selected Scope 3 GHG emissions in the Report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. Other than indirect GHG emissions (Scope 2), we do not generate material direct GHG emissions (Scope 1) from our operations. Therefore, no separate disclosure is made on direct GHG emissions (Scope 1) but we will continue to monitor such emissions and to disclose in future, as and when applicable.

We will continue to monitor our emissions and expand the disclosure of our Scope 3 GHG emissions wherever applicable and practicable. Our disclosure on indirect Scope 3 emissions includes purchased goods and services (category 1), business travel (category 6) and employee commuting (category 7) in FY2024.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

As a commitment towards mitigating climate change, we have set climate-related targets related to GHG emissions, energy consumption, water consumption, and waste management. Refer to pages 40 to 41 for further details.

SUSTAINABILITY REPORT

Appendix 1 GRI Content Index

| | | |
|-----------------------------------|---|--|
| Statement of use | Multi-Chem Limited has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024. | |
| GRI 1 used | GRI 1: Foundation 2021 | |
| Applicable GRI Sector Standard(s) | - | |

| GRI standard | Disclosure | Location and Omissions |
|---------------------------------|--|--|
| General Disclosures | | |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | 2-5, 57, 100-102, 121, 132-137, 211 |
| | 2-2 Entities included in the organisation's sustainability reporting | 15 |
| | 2-3 Reporting period, frequency and contact point | 13, 16, 20 |
| | 2-4 Restatements of information | 13, 23 |
| | 2-5 External assurance | 16 |
| | 2-6 Activities, value chain and other business relationships | 3, 14-15, 22, 132-137 |
| | 2-7 Employees | 15, 29-38 |
| | 2-8 Workers who are not employees | None |
| | 2-9 Governance structure and composition | 6-7, 17-19 |
| | 2-10 Nomination and selection of the highest governance body | 78-82 |
| | 2-11 Chair of the highest governance body | 6-7 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 18, 69 |
| | 2-13 Delegation of responsibility for managing impacts | 18 |
| | 2-14 Role of the highest governance body in sustainability reporting | 18 |
| | 2-15 Conflicts of interest | 69 |
| | 2-16 Communication of critical concerns | 38-39, 92-95 |
| | 2-17 Collective knowledge of the highest governance body | 33-36, 69-71 |
| | 2-18 Evaluation of the performance of the highest governance body | 82 |
| | 2-19 Remuneration policies | 83-86 |
| | 2-20 Process to determine remuneration | 83-86 |
| | 2-21 Annual total compensation ratio | The Company will not be providing this information due to confidentiality constraints. |

SUSTAINABILITY REPORT

| GRI standard | Disclosure | Location and Omissions |
|------------------------------------|--|--|
| General Disclosures | | |
| GRI 2: General Disclosures 2021 | 2-22 Statement on sustainable development strategy | 12 |
| | 2-23 Policy commitments | 17, 38-39 |
| | 2-24 Embedding policy commitments | 17, 38-39 |
| | 2-25 Processes to remediate negative impacts | 16-17, 38-39 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 16-17 |
| | 2-27 Compliance with laws and regulations | 38-39 |
| | 2-28 Membership associations | None |
| | 2-29 Approach to stakeholder engagement | 16-17, 20 |
| | 2-30 Collective bargaining agreements | None of our employees are covered by collective bargaining agreements. |
| Material Topics | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 17-22 |
| | 3-2 List of material topics | 20-39 |
| Economic Performance | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 23 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 42-46 |
| | 201-3 Defined benefit plan obligations and other retirement plans | - |
| | 201-4 Financial assistance received from government | - |
| Energy | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 24-28 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | 24-28 |
| | 302-2 Energy consumption outside of the organisation | 24-28 |
| | 302-3 Energy intensity | 24-28 |
| | 302-4 Reduction of energy consumption | 24-28 |
| | 302-5 Reductions in energy requirements of products and services | Not applicable due to business nature |

SUSTAINABILITY REPORT

| GRI standard | Disclosure | Location and Omissions |
|-----------------------------------|--|---------------------------------------|
| Water and Effluents | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 28-29 |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 28-29 |
| | 303-2 Management of water discharge-related impacts | Not applicable due to business nature |
| | 303-3 Water withdrawal | 28-29 |
| | 303-4 Water discharge | Not applicable due to business nature |
| | 303-5 Water consumption | 28-29 |
| Emissions | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 24-28 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 24-28 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 24-28 |
| | 305-3 Other indirect (Scope 3) GHG emissions | 24-28 |
| | 305-4 GHG emissions intensity | 24-28 |
| | 305-5 Reduction of GHG emissions | 24-28 |
| Waste | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 24 |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 24 |
| | 306-2 Management of significant waste-related impacts | 24 |
| | 306-3 Waste generated | 24 |
| | 306-4 Waste diverted from disposal | 24 |
| | 306-5 Waste directed to disposal | 24 |
| Employment | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 29-36 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 34-35 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 30 |
| | 401-3 Parental leave | 34 |

SUSTAINABILITY REPORT

| GRI standard | Disclosure | Location and Omissions |
|---|---|---|
| Occupational Health and Safety | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 32-33 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 32-33 |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 32-33 |
| | 403-3 Occupational health services | Not applicable due to business nature |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Not applicable due to business nature |
| | 403-5 Worker training on occupational health and safety | Not applicable due to business nature |
| | 403-6 Promotion of worker health | 32-33 |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 32-33 |
| | 403-8 Workers covered by an occupational health and safety management system | 32-33 |
| | 403-9 Work-related injuries | 32-33 |
| | 403-10 Work-related ill health | 32-33 |
| Training and Education | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 33-36 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 33-36 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 33-36 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 33-36 |
| Diversity and Equal Opportunity | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 29-31 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 29-31 |
| | 405-2 Ratio of basic salary and remuneration of women to men | The Company will not be providing this information due to confidentiality constraints |

SUSTAINABILITY REPORT

| GRI standard | Disclosure | Location and Omissions |
|----------------------------------|---|------------------------|
| Non-discrimination | | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 29-31 |
| Local communities | | |
| GRI 413: Local communities 2016 | 413-1 Operations with local community engagement, impact assessments and development programs | 36-38 |
| | 413-2 Operations with significant actual and potential negative impacts on local community | 36-38 |

Appendix 2

Industry-based Guidance on Implementing Climate-related Disclosure Metrics

The sustainability disclosure metrics are based on the IFRS SDS Industry-Based Guidance for implementing climate-related disclosure (“**Industry-Based Metrics**”) (Volume B6 – Multiline and Specialty Retailers and Distributors) for the consumer goods business segment. The details are as follows:

Table 1. Sustainability Disclosure Topics and Metrics

| Topic | Code | Metric | Response |
|--|--------------|-----------------------------|--|
| Energy Management in retail and distribution | CG-MR-130a.1 | Total energy consumed | Our total energy consumed is 2,507 GJ. For further details, please refer to section 9.4. |
| | | Percentage grid electricity | Our electricity consumption is 100% drawn from the electricity grid in FY2024. |
| | | Percentage renewable | We do not consume renewable energy in FY2024. We are constantly exploring opportunities to source for clean and/or renewable energy where we operate in. |

Table 2. Activity Metrics

| Code | Activity metric | Response |
|-------------|---|---|
| CG-MR-000.A | Number of (1) retail locations and (2) distribution centres | We have 14 office centres. We do not have retail locations. |
| CG-MR-000.B | Total area of (1) retail space and (2) distribution centres | Our office centres cover approximately 6,361 square meters (m²). We do not have retail locations. |

OPERATIONS REVIEW

IT Business

The IT sector of the Group under the M.Tech companies has expanded in both product range and geographical coverage since its inception in May 2002.

In FY2024, the Group added more leading products, including BigID, Cyble, HackerOne, NetSPI, Nexthink and WatchTowr to its product suite during the year. Of the products that it carries, the Group is also the sole distributor for several leading products in selected regions.

The Group is selective in taking up new products to remain focused on selling the best-of-breed IT security products and delivering value added services to major systems integrators and resellers in Singapore and the regions.

The IT Business of the Group currently has a presence in 24 cities in 13 countries and carries internet security products from industry leading vendors.

PCB Business

Revenue for PCB Business of the Group decreased from \$1.8M in FY2023 to \$1.6M in FY2024, mainly due to lower customer demand and disposal of 7 mechanical drilling machines in Singapore in 2024.

The revenue growth in PCB division is expected to be declined in 2025.

As at 31 December 2024, the Group has nil (2023: 7) CNC drilling machines.

PROSPECTS AND FUTURE PLAN

IT Business

The IT business through Singapore and the regional offices achieved a year-on-year revenue growth of 3.9% on a full year basis.

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Check Point, Cisco, CyberArk, Hitachi Vantara, Imperva, Solarwinds, Tenable, Trellix (formerly McAfee) and Trend Micro.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Education Services Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Check Point course. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

The Group's IT business currently has a presence in 24 cities in 13 countries in the Asia Pacific region. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

The near term outlook in the IT business is dependent on events such as political or economic in nature and such events could affect business in certain markets. With the current inflation and interest rates rising and geo-political conflicts, the global economic outlook remains uncertain which in turn will affect the Group's business. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group's business.

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion to deepen our regional operations. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

PCB Business

On a full year basis, revenue in PCB division decreased by 9.6%. The decrease in revenue was mainly due to lower customer demands and disposal of 7 mechanical drilling machines in Singapore in 2024.

As at 31 December 2024, the Group had nil (2023: 7) mechanical drilling machine in Singapore.

Risk Factors

The Group's primary business risk is in its IT business. In the area of IT business, the Group is subject to risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. To mitigate such risk, the Group has taken steps to align with the leading names in the IT arena. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we transact with our suppliers, vendors and customers in Singapore dollar, United States dollar, Chinese renminbi, Australian dollar, Thailand baht, Malaysian ringgit, Indian rupee, Indonesian rupiah, Taiwan dollar, Hong Kong dollar, Philippines peso, and to a lesser extent, Korean won, Japanese yen, Vietnam dong, New Zealand dollar and Sri Lankan rupee. The Group may, from time to time, enter into borrowing and foreign currency arrangements to reduce its foreign currency exposure. With any volatility in the United States dollar, the Group expects to be exposed to a higher foreign exchange risk against some of the local currencies we collect from the customers.

The Group is also exposed to the political, legal and economic climates of the country in which the Group is operating. Economic and political conditions are still key factors in determining the level of IT spending.

SIGNIFICANT EVENTS



1st Quarter 2024

- o M.Tech distributes Nexthink in Australia, Malaysia, New Zealand and Singapore.
- o M.Tech distributes NetSPI in Australia, Japan and New Zealand.



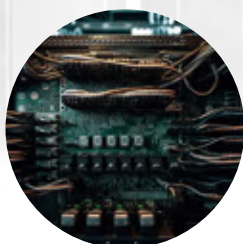
2nd Quarter 2024

- o M.Tech distributes WatchTowr in Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.
- o Multi-Chem's indirect subsidiary, M.Tech Products (UK) Pte Ltd completed striking off process.
- o M.Tech held Security Exchange 2024.



3rd Quarter 2024

- o M.tech distributes BigID in Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.
- o M.Tech held M.Pro Golf Challenge 2024 in Singapore.
- o M.Tech distributes Cyble in Cambodia, Malaysia, Thailand and Vietnam.



4th Quarter 2024

- o M.Tech participated in GovWare 2024 as Exhibitor Sponsor in Singapore.
- o M.Tech distributes HackerOne in Australia, China, Hong Kong, India, Indonesia, Malaysia, New Zealand, Philippines, Singapore, Taiwan, Thailand and Vietnam.
- o Multi-Chem's indirect subsidiary, E-Secure Asia Co. Ltd. completed liquidation process.
- o M.Tech held M.Appreciation Night 2024 in Singapore.

FINANCIAL CALENDAR

30TH APRIL 2024

ANNUAL GENERAL MEETING

7TH AUGUST 2024

ANNOUNCEMENT OF 2024
HALF YEAR RESULTS

8TH NOVEMBER 2024

ANNOUNCEMENT OF 2024
3RD QUARTER RESULTS

21ST FEBRUARY 2025

ANNOUNCEMENT OF 2024
FULL YEAR RESULTS

25TH APRIL 2025

ANNUAL GENERAL MEETING

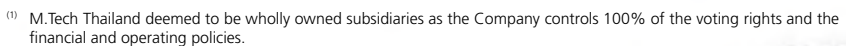
AUGUST 2025

ANNOUNCEMENT OF 2025
HALF YEAR RESULTS

FEBRUARY 2026

ANNOUNCEMENT OF 2025
FULL YEAR RESULTS

MULTI-CHEM LIMITED



FINANCIAL HIGHLIGHTS

Group Balance Sheet

| As At 31 December (\$'000) | 2024 | 2023 | 2022 | 2021 | 2020 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Property, plant and equipment | 7,367 | 8,098 | 9,019 | 9,298 | 9,922 |
| Investment in life insurance plan | 5,107 | 4,813 | 4,749 | 4,628 | 4,384 |
| Other non-current assets | 37,798 | 27,366 | 21,911 | 20,709 | 11,948 |
| Current assets | 352,158 | 341,331 | 293,623 | 263,810 | 247,154 |
| Current liabilities | (218,316) | (221,127) | (174,913) | (152,885) | (140,555) |
| Net current assets | 133,842 | 120,204 | 118,710 | 110,925 | 106,599 |
| Long term borrowings | - | - | (417) | (1,500) | - |
| Long term trade payables | (22,687) | (9,524) | (11,267) | (8,089) | - |
| Deferred tax liabilities | (1,242) | (1,423) | (1,114) | (1,097) | (717) |
| Other non-current liability | (5,977) | (5,330) | (4,495) | (4,674) | (5,305) |
| | 154,208 | 144,204 | 137,096 | 130,200 | 126,831 |
| Share capital | 37,288 | 37,288 | 37,288 | 37,288 | 37,288 |
| Foreign currency translation account | (465) | (3,589) | (1,644) | (871) | (2,364) |
| Other reserves | (1,152) | (1,145) | (977) | (801) | 473 |
| Retained earnings | 118,537 | 111,650 | 102,429 | 94,584 | 79,129 |
| | 154,208 | 144,204 | 137,096 | 130,200 | 114,526 |
| Non-controlling interest | - | - | - | - | 12,305 |
| | 154,208 | 144,204 | 137,096 | 130,200 | 126,831 |

FINANCIAL HIGHLIGHTS

Group Profit & Loss

| Year Ended (\$'000) | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|----------------|---------|---------|---------|---------|
| Turnover | 683,684 | 658,421 | 616,980 | 603,640 | 479,714 |
| Gross profit | 97,479 | 94,791 | 87,009 | 85,510 | 71,642 |
| Other income | 7,374 | 5,235 | 3,160 | 4,989 | 7,153 |
| Earnings before interest, tax, depreciation & amortisation (EBITA) | 42,273 | 39,617 | 28,668 | 38,893 | 28,988 |
| Depreciation & amortisation | (1,881) | (2,246) | (2,615) | (2,615) | (2,776) |
| Interest expense | (1,573) | (843) | (457) | (327) | (388) |
| Profit before income tax (PBT) | 38,819 | 36,528 | 25,596 | 35,951 | 25,824 |
| Income tax expense | (8,001) | (9,405) | (5,599) | (8,617) | (6,256) |
| Net profit | 30,818 | 27,123 | 19,997 | 27,334 | 19,568 |
| Non-controlling interests | - | - | - | (2,375) | (1,792) |
| Equity holders of the Company | 30,818 | 27,123 | 19,997 | 24,959 | 17,776 |

Analysis (%)

| Year | 2024 | 2023 | 2022 | 2021 | 2020 |
|--------------------------------|-------------|------|--------|------|-------|
| Gross profit margin | 14.3 | 14.4 | 14.1 | 14.2 | 14.9 |
| PBT margin | 5.7 | 5.5 | 4.1 | 6.0 | 5.4 |
| Turnover increase | 3.8 | 6.7 | 2.2 | 25.8 | 5.2 |
| PBT increase/(decrease) | 6.3 | 42.7 | (28.8) | 39.2 | 77.4 |
| Net profit increase/(decrease) | 13.6 | 35.6 | (26.8) | 39.7 | 100.7 |

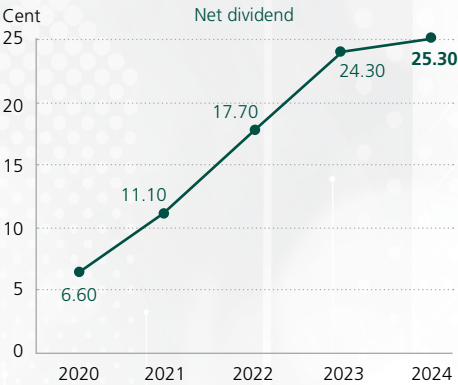
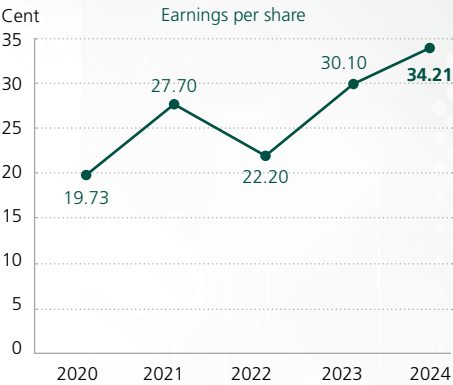
FINANCIAL HIGHLIGHTS

Per Share Data

(cents, unless otherwise stated)

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|--------|--------|--------|--------|--------|
| Net earnings (basic) ¹ | 34.21 | 30.10 | 22.20 | 27.70 | 19.73 |
| Net earnings (fully diluted) ² | 34.21 | 30.10 | 22.20 | 27.70 | 19.73 |
| Net dividend | 25.30 | 24.30 | 17.70 | 11.10 | 6.60 |
| Net dividend payout (times) | 0.74 | 0.81 | 0.80 | 0.40 | 0.33 |
| Net assets value ³ | 171.16 | 160.06 | 152.17 | 144.51 | 127.12 |
| Gross dividend | 25.30 | 24.30 | 17.70 | 11.10 | 6.60 |
| Gross dividend yield (%) ⁴ | 9.13 | 12.46 | 10.41 | 6.03 | 4.85 |

| | | | | | |
|--|-------|-------|-------|-------|-------|
| 1 Numbers of shares used in the above computation (M) | 90.1 | 90.1 | 90.1 | 90.1 | 90.1 |
| 2 Numbers of shares used in the above computation (M) | 90.1 | 90.1 | 90.1 | 90.1 | 90.1 |
| 3 Numbers of shares used in the above computation (M) | 90.1 | 90.1 | 90.1 | 90.1 | 90.1 |
| 4 Based on the closing share price as at the last market day of the year | 277.0 | 195.0 | 170.0 | 184.0 | 136.0 |



Financial Ratios

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|-----------------------------------|-------|-------|-------|-------|-------|
| Current ratio (times) | 1.61 | 1.54 | 1.68 | 1.73 | 1.76 |
| Return on shareholder's funds (%) | 19.98 | 18.81 | 14.59 | 19.17 | 15.52 |
| Return on assets employed (%) | 7.66 | 7.11 | 6.07 | 8.36 | 6.50 |
| Debt equity ratio | 0.00 | 0.01 | 0.01 | 0.02 | 0.04 |
| Debt interest cover | 26.87 | 24.32 | 19.68 | 47.03 | 5.63 |

FINANCIAL HIGHLIGHTS

Segmental Information

By Business Segments

| Year Ended (\$'000) | PCB Business | | IT Business | | Total | |
|------------------------|-----------------|---------|----------------|---------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Turnover | | | | | | |
| 1st Quarter | 456 | 488 | 178,698 | 166,397 | 179,154 | 166,885 |
| 2nd Quarter | 334 | 400 | 163,045 | 145,862 | 163,379 | 146,262 |
| 3rd Quarter | 396 | 461 | 172,882 | 173,254 | 173,278 | 173,715 |
| 4th Quarter | 434 | 443 | 167,439 | 171,116 | 167,873 | 171,559 |
| | 1,620 | 1,792 | 682,064 | 656,629 | 683,684 | 658,421 |
| Segment results | | | | | | |
| 1st Quarter | 5,060 | 1,923 | 6,773 | 7,907 | 11,833 | 9,830 |
| 2nd Quarter | (1,840) | (365) | 10,826 | 6,078 | 8,986 | 5,713 |
| 3rd Quarter | (4,211) | (1,787) | 13,500 | 13,012 | 9,289 | 11,225 |
| 4th Quarter | 992 | (2,965) | 7,719 | 12,725 | 8,711 | 9,760 |
| | 1 | (3,194) | 38,818 | 39,722 | 38,819 | 36,528 |

By Geographical Segments

| Year Ended (\$'000) | Singapore | | Australia | | India | | Vietnam | | Others | | Total | |
|------------------------|-----------|---------|-----------|--------|--------|--------|---------|--------|---------|---------|---------|---------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| 1st Quarter | 86,698 | 82,931 | 4,466 | 9,240 | 16,131 | 11,846 | 24,401 | 12,204 | 47,458 | 50,664 | 179,154 | 166,885 |
| 2nd Quarter | 76,318 | 57,256 | 16,259 | 16,746 | 17,136 | 11,074 | 17,921 | 13,985 | 35,745 | 47,201 | 163,379 | 146,262 |
| 3rd Quarter | 70,589 | 90,499 | 8,521 | 12,536 | 22,995 | 7,853 | 20,639 | 16,916 | 50,534 | 45,911 | 173,278 | 173,715 |
| 4th Quarter | 70,407 | 69,842 | 7,798 | 16,773 | 11,875 | 10,000 | 31,052 | 26,174 | 46,741 | 48,770 | 167,873 | 171,559 |
| | 304,012 | 300,528 | 37,044 | 55,295 | 68,137 | 40,773 | 94,013 | 69,279 | 180,478 | 192,546 | 683,684 | 658,421 |

FINANCIAL REVIEW

Revenue

The Group achieved revenue of \$167.9m for the three months ended 31 December 2024 ("4Q2024"), a decrease of 2.2% or \$3.7m compared to the revenue of \$171.6m for the three months ended 31 December 2023 ("4Q2023"). For the twelve months ended

31 December 2024 ("12M2024"), the Group achieved revenue of \$683.7m, a year-on-year increase of 3.8% or \$25.3m, compared to revenue of \$658.4m achieved for the twelve months ended 31 December 2023 ("12M2023").



FINANCIAL REVIEW

IT Business

The IT Distribution business achieved revenue of \$167.5m in 4Q2024, a decrease of 2.1% or \$3.6m, from \$171.1m in 4Q2023. On a twelve months basis, this division grew by 3.9% or \$25.5m, from \$656.6m in 12M2023 to \$682.1m in 12M2024.

Comparing 4Q2024 to 3Q2024, revenue decreased by 3.1% or \$5.4m, from \$172.9m in 3Q2024 to \$167.5m in 4Q2024.

The increase in revenue for 12M2024 was mainly due to the increase in customer demand and some significant transactions closed during 12M2024.

PCB Business

Revenue in this Division decreased by 2.0% or \$9,000, from \$443,000 in 4Q2023 to \$434,000 in 4Q2024. On a twelve months basis, revenue in this division decreased by 9.6% or \$172,000, from \$1.8m in 12M2023 to \$1.6m in 12M2024. The decrease in revenue was mainly due to lower customer demand and disposal of 7 mechanical drilling machines in Singapore during 12M2024.

Comparing 4Q2024 to 3Q2024, revenue in this Division increased by 9.6% or \$38,000, from \$396,000 in 3Q2024 to \$434,000 in 4Q2024.

Profit Before Tax ("PBT")

The Group registered a PBT of \$8.7m in 4Q2024, as compared to \$9.8m in 4Q2023.

The decrease in PBT was mainly due to the following:

- (1) A decrease in gross profit by \$197,000 mainly due to the decrease in sales in 4Q2024;
- (2) Net foreign exchange loss of \$1.2m in 4Q2024, as compared to net foreign

exchange gain of \$52,000 in 4Q2023 mainly due to depreciation of local currencies against United States dollar in 4Q2024. Excluding net foreign exchange differences, the Group reported a PBT of \$9.9m in 4Q2024, compared to a PBT of \$9.7m in 4Q2023;

- (3) An increase in marketing and promotion expenses by \$934,000 in 4Q2024 as compared to 4Q2023 mainly due to increase in marketing events and promotion activities; and
- (4) An increase in finance costs by \$478,000 mainly due to the increase in interest expense for the time value of money associated with the contractual terms of trade payables.

The decrease in PBT was however pared by the following:

- (1) A reversal of allowance on third party trade receivables and contract assets of \$213,000 recognised in 4Q2024, as compared to a loss allowance on third party trade receivables and contract assets of \$957,000 recognised in 4Q2023, based on the impairment review performed as at 31 December 2024 in accordance to SFRS(I) 9;
- (2) An increase in interest income by \$1.0m from \$566,000 in 4Q2023 to \$1.6m in 4Q2024, mainly due to the increase in interest income for the time value of money associated with the contractual terms of trade receivables in 4Q2024; and
- (3) An increase in third party trade and other payables written off by \$231,000 from \$44,000 in 4Q2023 to \$275,000 in 4Q2024.

FINANCIAL REVIEW

Profit After Tax ("PAT")

In 4Q2024, the Group achieved PAT of \$7.3m as compared to \$6.5m in 4Q2023, mainly due to the decrease in income tax expense offset by the decrease in PBT. The decrease in income tax expense of \$1.9m from \$3.3m in 4Q2023 to \$1.4m in 4Q2024 was mainly due to lower taxable profit generated in 4Q2024.

Comparing 4Q2024 to 3Q2024, Group PAT increased by 2.6% or \$188,000, from a profit after tax of \$7.1m in 3Q2024 to a profit of \$7.3m in 4Q2024. The increase was mainly due to the decrease in income tax expenses for entities with lower taxable profit generated in 4Q2024 as compared to 3Q2024, offset by the decrease in PBT.

Income tax expense comprised mainly current income tax, deferred tax and withholding tax expenses of the Group.

Statements Of Financial Position Review

Presented below is a review of material changes in the key statements of financial position items as at 31 December 2024 compared to 31 December 2023.

Property, plant and equipment decreased by \$731,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchases of plant and equipment in 12M2024. At the Company level, property, plant and equipment decreased by \$426,000 due to depreciation charge and disposal of plant and equipment, net of purchase of plant and equipment in 12M2024.

Right-of-use assets increased by \$298,000 at the Group level mainly due to new long-term leases capitalised, net of depreciation charge in 12M2024. At Company level, right-of-use assets decreased by \$53,000 due to depreciation charge in 12M2024.

Deferred tax assets increased by \$530,000 at the Group level mainly due to increased deductible temporary difference in 12M2024

which the related tax benefits could be realised through future taxable profits. There was no deferred tax assets at Company level.

Financial asset, at FVPL refers to financial asset at fair value through profit or loss. The Group and the Company classified the investment in life insurance plan as financial assets at fair value through profit or loss and this increased by \$294,000 at both the Group and the Company level due to fair value gain and currency revaluation gain in Year 2024.

Cash and cash equivalents at the Group level increased by \$10.8m from \$73.0m to \$83.8m. The increase was mainly due to decrease in working capital requirements owing to collection from trade and other receivables, offset by increase in dividends paid to shareholders. At the Company level, cash and cash equivalents decreased by \$14.8m from \$27.6m to \$12.8m mainly due to dividends paid to shareholders and advances to a subsidiary, offset by dividends received from a subsidiary.

Trade and other receivables of the Group increased by \$19.7m from \$189.7m to \$209.4m, mainly due to higher revenue attained in 12M2024. At the Company level, trade and other receivables increased by \$13.9m from \$23.5m to \$37.4m mainly due to advances and expenses charged to a subsidiary.

Inventories at the Group level decreased by \$10.9m from \$86.8m to \$75.9m mainly due to improved inventory turnover. At the Company level, inventories decreased by \$185,000 from \$335,000 to \$150,000.

Contract assets increased by \$1.2m from \$1.1m to \$2.3m at the Group level mainly due to increase in distribution of IT products due to partial performance of the contracts with customers ahead of billing. There was no contract asset at the Company level.

Prepayments at the Group level decreased by \$404,000 from \$2.6m to \$2.2m mainly due

FINANCIAL REVIEW

to realisation of prepayments as expenses in 12M2024. Prepayments at Company level decreased by \$81,000 from \$170,000 to \$89,000.

Trade and other payables increased by \$18.4m from \$191.8m to \$210.2m at the Group level mainly due to increased purchases corresponding with the increase in revenue in Year 2024. At the Company level, trade and other payables increased by \$530,000 from \$7.4m to \$7.9m mainly due to increase in accrued operating expenses in Year 2024.

Contract liabilities decreased by \$6.4m from \$35.0m to \$28.6m at the Group level mainly due to decrease in advance billings, net of increase in deferred revenue and rebate to customers.

Lease liabilities increased by \$281,000 from \$1.9m to \$2.2m at the Group level mainly due to new long-term leases capitalised, net of repayments made in 12M2024. At the Company level, lease liabilities decreased by \$47,000 from \$147,000 to \$100,000.

Bank borrowings decreased by \$786,000 from \$786,000 to \$Nil at Group level due to repayments of bank borrowings in 12M2024. There was no bank borrowings at Company level.

Foreign currency translation account decreased by \$3.1m from \$3.6m to \$465,000 at the Group level mainly due to appreciation of United States dollar against Singapore dollar.

Indebtedness

The amount of Group's borrowings is as set out below:

| Year Ended (\$'000) | 2024 | 2023 |
|---------------------------|--------------|-------|
| Due within 1 year: | | |
| Bank borrowings | - | 786 |
| Due after 1 year: | | |
| Bank borrowings | - | - |
| Total debt | - | 786 |
| Debt equity ratio | 0.00 | 0.01 |
| Debt interest cover | 26.87 | 24.32 |

Working capital of the Group stood at \$133.8M and \$120.2M as at 31 December 2024 and 31 December 2023 respectively. The increase was mainly due to the increase in trade and other receivables, contract assets, and cash and bank balances and decrease in contract liabilities, bank borrowings and current income tax payable, net of the decrease in inventories and increase in trade and other payables.

At the Company level, working capital stood at \$42.4M and \$44.1M as at 31 December 2024 and 31 December 2023 respectively. Current assets at the Company level as at 31 December 2024 comprised mainly trade and other receivables of \$37.4M, and this increased by 59.1% from \$23.5M as at 31 December 2023 mainly due to advances and expenses charged to a subsidiary. Cash and bank balances decreased by \$14.8m from \$27.6m as at 31 December 2023 to \$12.8m as at 31 December 2024 mainly due to dividends paid to shareholders and advances to a subsidiary, offset by dividends received from a subsidiary. Current liabilities comprised mainly trade and other payables.

FINANCIAL REVIEW

Cash Flow Analysis

The movement in cash and cash equivalents is set out as follows:

| Year Ended (\$'000) | 2024 | 2023 |
|--|----------|----------|
| Cash flows generated from operating activities | 36,637 | 25,189 |
| Cash flows generated from/(used in) investing activities | 128 | (304) |
| Cash flows used in financing activities | (27,285) | (20,348) |
| Net increase in cash and cash equivalents | 9,480 | 4,537 |
| Cash and cash equivalents at beginning of the financial year | 72,999 | 69,493 |
| Effect of exchange rate changes on cash and cash equivalents | 1,292 | (1,031) |
| Cash and cash equivalents at end of the financial year | 83,771 | 72,999 |

Net cash of \$36.6m was generated from operating activities in 12M2024, as compared to net cash of \$25.2m generated in 12M2023. This was mainly due to higher profit before income tax attained, decrease in inventories and increase in trade and other payables, net of increase in trade and other receivables and income tax paid.

Net cash of \$128,000 was generated from investing activities in 12M2024, as compared to \$304,000 used in investing activities in 12M2023. The change was mainly due to proceeds from disposal of plant and equipment of \$646,000 net of purchase of plant and equipment of \$518,000 in 12M2024, as compared to proceeds from disposal of plant and equipment of \$44,000 net of purchase of plant and equipment of \$348,000 in 12M2023.

Net cash of \$27.3m was used in financing activities in 12M2024, as compared to net cash of \$20.3m used in 12M2023. This was mainly due to dividends paid of \$24.0m, repayment of bank borrowings of \$780,000, repayment of lease liabilities of \$967,000 and payment of interest of \$1.6m in 12M2024 mainly for the time value of money associated with the contractual terms of trade payables, as compared to dividends paid of \$17.9m, repayment of bank borrowings of \$1.5m, repayment of lease liabilities of \$982,000 and payment of interest of \$843,000 mainly for the time value of money associated with the contractual terms of trade payables, net of proceeds from bank borrowings of \$942,000 in 12M2023.

Cash and cash equivalents stood at \$83.8m as at 31 December 2024, up from \$73.0m as at 31 December 2023.

VALUE ADDED STATEMENT

| Year Ended | 2024 | 2023 |
|--|---------------|-----------|
| | \$'000 | \$'000 |
| Sales | 683,684 | 658,421 |
| Purchase of goods & services | (601,478) | (577,378) |
| Gross value added from operations | 82,206 | 81,043 |
| Other operating income | 7,150 | 5,080 |
| Exchange gain/(loss) | 224 | 155 |
| Total value added | 89,580 | 86,278 |
| Distribution: | | |
| To employees in salaries & other staff related costs | 47,307 | 46,661 |
| To government in corporate and other taxes | 8,001 | 9,405 |
| To providers of capital | | |
| – Finance costs | 1,573 | 843 |
| Retained in the business | | |
| – Depreciation and amortisation | 1,881 | 2,246 |
| – Non-controlling interests | - | - |
| – Retained earnings | 30,818 | 27,123 |
| Total distribution | 89,580 | 86,278 |
| Productivity Data | | |
| Average numbers of employees | 695 | 721 |
| Sales per employee (\$'000) | 984 | 913 |
| Value added per employee (\$'000) | 129 | 120 |
| Value added per \$ employment cost | 1.89 | 1.85 |
| Value added per \$ net sales | 0.13 | 0.13 |

INVESTOR RELATIONS

Multi-Chem recognises the importance of good investor relations and has made positive strides in this area. The Company has been keeping shareholders and the investing community updated on the key developments of the Group through regular announcements on SGXNET.

Multi-Chem has always made efforts to announce our results early. The Company announces its financial results to provide investors prompt updates of financial and business development of the Group.

The Company has its own corporate website www.multichem.com.sg while its IT security arm has its own website www.mtechpro.com

to provide information on its products and services.

The Company will respond within two working days to all calls and emails requesting for information.

Investors are encouraged to refer to the investor guides on SGX website in regards to how to read annual reports and how to prepare for Annual General Meeting.

We will continue to place emphasis on good investor relations and make efforts on improving the information flow so that awareness about the Group and its business can be built.

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the processes and structure by which the business and affairs of the Company are directed and managed. The Board recognises that sound corporate governance is an essential part of good business practices and corporate accountability. For the financial year ended 31 December 2024, the Company has adhered to the core of principles of the Code of Corporate Governance 2018 ("**2018 Code**") for its corporate governance practices. To the extent the Company's practices may vary from any Provisions of the 2018 Code, the Company will explain how its practices are consistent with the intent of the relevant Principles of the 2018 Code.

BOARD MATTERS

The Board's Conduct of Affairs

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

Provision 1.1 – Principal functions of the Board

The Company is led by the Board of Directors who is responsible for setting the Group's strategic vision, direction and long-term goals, for management and internal control, for approval of major projects and significant financing matters, and approval of the release of financial results reports. The Company is required to announce its financial statements on a quarterly basis under Rule 705(2) of the Listing Manual in relation to a "except for" qualified opinion in the Group's consolidated financial statements for the financial year ended 31 December 2023 issued by the Group's statutory auditor, BDO LLP. Since the release of the financial results for third quarter ending 30 September 2024 on 8 November 2024, the Company has been releasing its financial statements on a quarterly basis. Following the issuance of the audited financial statements for the financial year ended 31 December 2024 with a clean audit opinion, the Company will not be required to perform quarterly reporting of unaudited financial statements and the Company will report its financial statements on a half-yearly basis with effect from the financial year ending 31 December 2025.

The Board provides entrepreneurial leadership, establishes effective controls to assess and manage risks as well as safeguarding shareholders' interests and Company's assets, identify key stakeholder groups and recognise their perceptions affect the Company's reputation, set Company's values and standards and consider sustainability issues as part of its strategic formulation. The Board works closely with the management and reviews management performance for the long-term success of the Company. Directors are fiduciaries who make objective decisions in the best interests of the Company and keep Management accountable. Directors monitor Management through various mechanisms in the form of policies established to address risk management and internal controls, develop organisational culture, share conduct and ethics with appropriate tone-from-the-top through conversations in each of the meetings attended by key management personnel and Directors. Should any conflict of interest arise during the meeting, the particular Director facing conflicts of interest is to disclose his interest and recuse from the meeting after providing his views.

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company for the financial year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

Provision 1.2 – Directors' orientation and training

The Board has approved an annual training budget for each Director to attend relevant training and professional development programmes. Directors are encouraged to attend programmes organised by the Accounting and Corporate Regulatory Authority and the Singapore Institute of Directors. Each director will determine the courses best suited to that director to develop relevant competencies for effective discharge of duties as a director. During the year, the Board was briefed and updated on the latest changes to the Listing Manual requirements by the Company Secretary, developments in accounting by the external auditor, updates on internal controls from the internal auditor and business development from the Chief Executive Officer ("CEO"). The Board also receives relevant updates, if required, on changes in the business environment, relevant new laws, regulations and changing commercial risk.

Any newly appointed Director will be given briefings on the business activities of the Group, its strategic directions, governance practices and Director's duties and obligations. He/she will be given the opportunity to visit the Group's operational facilities to gain a better understanding of the Group's business operations. Upon appointment of a Director, the Company provides a formal letter of appointment to the Director. Where the Company appoints a new director who does not have any prior experience as a director of a listed company, the new appointee would be required to attend the Listed Company Director Programme conducted by the Singapore Institute of Directors. First-time Director(s) without prior experience as a director of listed company appointed on 30 April 2024 had completed the Mandatory Training required under the Listing Manual.

CORPORATE GOVERNANCE REPORT

Provision 1.3 – Matters requiring Board's approval

Matters that are reserved for the Board include board policy decisions, material acquisitions and disposals of assets, nomination and approval for appointment of Directors, announceable matters to the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), proposal of dividends, approval of Statement by Directors and audited financial statements, corporate or financial restructuring and other significant corporate actions. In addition to physical meetings, written resolutions are on occasion also circulated to the Directors for approval.

Board's approval has to be sought for transactions not in the ordinary course of business if any such transaction exceeds \$2.0M in value. To facilitate operational efficiency, Board approval would not be required for day-to-day decisions and matters that are operational in nature, even though such single transaction may exceed \$2.0M in value.

The Board has delegated certain functions to various Board committees, namely the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). Each of the Committees has written terms of reference with authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for final decision on all matters lies with the Board. The effectiveness of each Board Committee will be constantly reviewed by the Board.

Provision 1.4 – Delegation by the Board

Provision 1.5 – Board meetings, attendance and multiple commitments

The Board meets at least once on a quarterly basis to receive update from Management. Where circumstances require, the Board will arrange for telephonic and videoconference meetings. Minutes of all Board Committee and Board Meetings are circulated to its members for review and confirmation. These minutes enable Directors to be kept abreast of matters discussed at such meetings. Matters arising from each meeting will be followed-up and reported to the Board. Additional meetings may be convened on ad-hoc basis, as necessary, from time to time. Where appropriate, Directors made decisions by passing resolutions in writing as if it had been passed at the Directors' meeting. The number of board meetings held in FY2024 and attendance of every Director at the Board meetings and respective Board Committees meetings are disclosed as follows:

CORPORATE GOVERNANCE REPORT

| Name of Director | Board | | ARMC | | RC | | NC | |
|--|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|
| | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended | No. of meetings held | No. of meetings attended |
| Lim Keng Jin# (Chairman, Non-executive and Independent Director) | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Foo Suan Sai (Chief Executive Officer) | 4 | 4 | – | – | – | – | 1 | 1 |
| Han Juat Hoon (Chief Operating Officer) | 4 | 4 | – | – | – | – | – | – |
| Foo Fang Yong (Executive Director) | 4 | 4 | – | – | – | – | – | – |
| Wong Meng Yeng# (Non-executive and Independent Director) | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Neo Mok Choon (deceased)* (Non-executive and Independent Director) | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Foo Maw Shen# (Non-executive and Independent Director) | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 1 |
| Chong Teck Sin^ (Chairman, Non-executive and Independent Director) | 2 | 2 | 2 | 2 | 1 | 1 | – | – |
| Chan Wan Hong^ (Non-executive and Independent Director) | 2 | 1 | 2 | 1 | 1 | – | – | – |
| Neo Bock Cheng^ (Non-executive and Independent Director) | 2 | 2 | 2 | 2 | 1 | 1 | – | – |

#Retired at the Annual General Meeting held on 30 April 2024

*Passed away on 29 March 2024

^Appointed at the Annual General Meeting held on 30 April 2024

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The Board is satisfied that the Directors have devoted sufficient time and attention to the affairs of the Company. Although some of the Directors have multiple board representations, the Board is of the view that they widen the experience of the Board and give it a broader perspective. Details of the other principal commitments of the Directors are set out in the Board of Directors section of this Annual Report.

Provision 1.6 – Access to information

Timely communication with members of the Board is effected through electronic means which include electronic mail and teleconferencing. Directors can request information from Management and would be provided with such additional information, as needed. Management circulates reports relating to operational and financial performance of the Group and Company prior to the Board meetings with complete, adequate and timely information and on an ongoing basis. Information provided includes internal financial statements, budgets and forecasts with explanation for any material variances. The information enables Directors to engage in meaningful discussions to make informed decisions. Additional reports are also available upon request. Monthly management accounts are also provided to the Directors.

Provision 1.7 – Access to Management, Company Secretary and External Advisers

A calendar of meetings is scheduled for the Board at the beginning of the year. All Directors have unrestricted access to the Group's records and information. The Directors have also been provided with the phone numbers and email particulars of the key management personnel and Company Secretary for separate and independent access. The Company Secretary works with the Chairman of the Board and Board Committees in preparing the agenda for meetings and/or reviewing the relevance of the items in the proposed agenda. The role of the Company Secretary includes responsibility for ensuring Board procedures are followed and that applicable rules and regulations, including requirements of the Companies Act 1967 (the "**Act**") and the Listing Manual of the SGX-ST ("**Listing Manual**") are complied with and provides the Board with regular updates of the latest governance and listing policies. The Company Secretary or representative attends all Board and Board Committees Meetings. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Board Composition and Guidance

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

Provision 2.1 – Board Independence

Provision 2.2 - Majority Independent Directors where Chairman is not independent

Provision 2.3 - Majority Non-Executive Directors in a Board

As at end of FY2024, the Board consists of six members, out of whom three are non-executive and independent Directors. Independent Directors made up one-half of the Board. As Chairman of the Board is independent, Independent Directors is not required to make up a majority of the Board.

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The role of the non-executive directors (including independent directors) includes constructively challenging and provide independent perspectives and contribute and help to develop proposals on strategy, and review the performance of Management in meeting the agreed goals and objectives and monitoring the performance. With all members of ARMC and RC and most of the members of NC are independent directors, the Board believes that there are sufficient independent elements and adequate safeguards without undue influence, from the executive directors, to allow for effective Board oversight. Meanwhile, the executive directors are, founders and their immediate family member, deeply involved in operations and strategic direction and possess extensive expertise, vision, and experience to provide the necessary leadership. The executive directors act with high degree of responsibility and accountability. Although non-executive directors did not make up a majority of the Board, the current Board composition provides effective oversight, strategic guidance and protect the interests of shareholders and stakeholders.

The independence of each Director is reviewed annually by the NC. The criterion of Independence is determined based on the guidelines and definition provided in the 2018 Code and Listing Manual. An independent director represents the minority shareholders and one who is independent in conduct, character and able to exercise independent business judgement in the best interests of the Company and has no relationships with the Company, related corporations, its substantial shareholders or officers, management and/or companies within the Group. The Board is able to exercise independent judgement on corporate affairs and provide management with a diverse and objective perspective on issues. The NC considers the following while reviewing the independence of Directors:-

1. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service.
2. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). Payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question.
3. Whether a director is or has been directly associated with a substantial shareholder of the Company, in the current or immediate past financial year.

The Board reviewed independence of Directors annually based on Rule 210(5)(d) of the Listing Manual which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include:

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- (a) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC; or
- (c) if he has been a director for an aggregate period of more than nine years (whether before or after listing) which such director may continue to be considered independent until the conclusion of the next annual general meeting.

The NC also reviewed the declaration of independence of each director and was satisfied that all Independent Directors were considered independent for the purpose of Provision 2.1 of the 2018 Code and Rule 210(5)(d) of the Listing Manual. The Independent Directors do not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors are not employees of any company within the Group and they bring diverse experience to the Company's decision-making process. Apart from receiving Director's fees, they do not have any other material pecuniary relationship or transactions with companies within the Group or the management, which in the judgement of the Board may affect their independence of judgement.

The NC and the Board have determined that Mr Chong Teck Sin, Mr Chan Wan Hong and Mr Neo Bock Cheng remained objective and independent-minded in Board deliberations during FY2024. Their vast experience, expertise and industry knowledge enabled them to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and act in the best interests of the Company. More importantly, the Board trusts that they are able to continue to discharge their duties independently with integrity and competency. The Board is of the view that all Independent Directors remain independent in the exercise of their judgement on Board matters.

Board renewal is carried out with the addition of carefully selected new members. The Board, with guidance of the NC, recommended the appointment of three new Directors at the Annual General Meeting ("**AGM**") held on 30 April 2024. Mr Chong Teck Sin, Mr Chan Wan Hong and Mr Neo Bock Cheng were appointed as directors of the Company by the shareholders at the AGM held on 30 April 2024. Three directors who had served more than 9 years from date of appointment retired at the AGM.

The Board is of the view that an effective blend of skills, experiences and knowledge in areas identified by the Board should remain a priority. It is imperative to construct a quality board based on caliber, breadth of perspective and chemistry that allow effective execution of corporate governance and strategic oversight. This would facilitate decision-making for generating long-term values to various stakeholders.

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Provision 2.4 - Board composition and diversity

As at end of FY2024, the Board comprised six (6) Directors as follow:

Chong Teck Sin - Chairman, Non-executive and Independent Director
Foo Suan Sai - Chief Executive Officer
Han Juat Hoon - Chief Operating Officer
Foo Fang Yong - Executive Director
Chan Wan Hong - Non-executive and Independent Director
Neo Bock Cheng - Non-executive and Independent Director

The Board has adopted a Board Diversity Policy and works towards implementing the objectives of a diverse Board to enhance its performance and work towards its long-term objectives. A diverse Board will enhance the decision-making process of the Board through perspectives derived from the various skills, industry and business experiences, gender, age, tenures of service and other distinctive qualities of the Directors.

Among the core diversity characteristics are gender and Board comprises directors with range of skills and knowledge with experiences in different industry. Currently, the Board has one female director who actively participates in discussions. The NC will intentionally include female candidates in the search for board candidate and is committed to advance female candidates, who meet the required skills and experiences, for appointment as a Director.

The next diversity characteristics are diversity in terms of skills and knowledge with experiences in different industries. In 2024, the Board comprised Directors who come from various professions. These include accounting or finance, legal, business or management experience and engineering. Specific expertise and experience of Directors are set out in the Board of Directors section.

Diversity in the average tenure of service for independent directors is the focus recently following changes in the Listing Manual while the Board had sought to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board comes with the appointment of independent directors at the AGM held on 30 April 2024. While the Company aims to have a greater representation of women on the Board, it will also keep a focus on qualifications, experience and capabilities. The final selection was made in a fair and non-discriminatory manner.

The Board is of the view there is an appropriate balance and diversity of skills, experience, gender and age. Apart from the diversity of skills and experiences, the Board is also not uni-gender.

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Provision 2.5 – Meeting of Non-Executive Directors and/or Independent Directors without Management

The Board acknowledges the important contribution of non-executive directors. Non-executive directors are independent of the management and business or other relationships which could materially interfere with the exercise of independent judgement. Non-executive directors constantly challenge and provide a different perspective or wider view of external factors affecting the Company and its business environment. Non-executive directors also review the performance of management, especially relating to the progress of achieving agreed goals and objectives and monitor the reporting of performance to the Board. In FY2024, the non-executive Directors led by the Independent Chairman have met (without the presence of Management) on several occasions.

Key information regarding the Directors' academic and professional qualifications and other appointments is set out on the Board of Directors section of the Annual Report.

Chairman and Chief Executive Officer (“CEO”)

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

Provision 3.1 – Separation of the role of the Chairman and the CEO

Provision 3.2 – Role of the Chairman and the CEO

The roles of Chairman and CEO are separated. The Chairman of the Company is Mr Chong Teck Sin who replaced Mr Lim Keng Jin as Independent Director of the Company on 30 April 2024. Mr Foo Suan Sai is the CEO.

The role as Chairman of the Board includes:

- Scheduling of meetings that enable the Board to perform its duties while not interfering with the flow of the Company's operations;
- Setting meeting agenda;
- Exercising control over quality, quantity and timeliness of the flow of information between management and the Board;
- Assisting in ensuring compliance with the Company's guidelines on corporate governance; and
- Encouraging constructive relations between executive Directors and non-executive Directors and facilitating the effective contribution of non-executive Directors in particular.

The CEO, Mr Foo Suan Sai manages the business of the Company, sets business strategies and direction for the Group and implements the Board's decisions. Mr Foo Suan Sai also provides business updates to the Board and shares strategy and goals. As CEO, Mr Foo Suan Sai is responsible for succession planning for key management personnel.

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The Board has established in writing the division of responsibilities between the Chairman and the CEO.

The Chairman is independent with each Board Committee chaired and led by an Independent Director. There is a balance of power and authority in the Board. Independent Directors met regularly without the presence of other Directors. Independent Directors are available to shareholders where they have concerns and for which contact through the normal channels of communication with the Management has failed to resolve or for issues where such contact is inappropriate or inadequate.

Provision 3.3 – Lead Independent Director

As there is clear separation in the roles of Chairman (who is an Independent Director) and CEO, to preserve effective corporate governance, the appointment of a Lead Independent Director is not necessary.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 and 4.2 – Roles and composition of the NC

Board membership is under the purview of NC which comprises Mr Chan Wan Hong as Chairman appointed on 30 April 2024. Mr Chong Teck Sin, Mr Neo Bock Cheng and Mr Foo Suan Sai are members of NC as at end of FY2024. A majority of the NC is non-executive and independent, including the NC Chairman.

The NC has written terms of reference that describe its objectives, duties and responsibilities. The objective of the NC is to maintain an effective Board and to ensure that only competent individuals capable of contributing to the success of the Company are appointed. The NC's main functions as defined in the written terms of reference are as follows:

- (a) make recommendations to the Board on all board appointments;
- (b) assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board;
- (c) determine annually whether or not a Director is independent;
- (d) recommend of re-nomination and re-election of Directors;
- (e) review of training and professional development programmes for the Board and its Directors; and
- (f) review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel.

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Provision 4.3 – Board Renewal

The Board has a process for the appointment of new directors whereby the NC will evaluate the core competencies of the directors so as to determine suitable skills and expertise to strengthen or complement the Board, taking into consideration the need for progressive renewal of the Board. Where new appointments are required, the Board considers the candidate's track record, age, experience, and capabilities and meet with such candidates before a decision is made on the selection. The criteria for identifying candidates and reviewing nominations for appointments will include also gender and other forms of diversity. The Board will tap on the industry information and personal contacts of current directors and senior management for recommendation of suitable candidates. The Board was of the view that the skills and knowledge of each director contribute to the core competencies of the Board. The NC promotes transparency in the selection and appointment of new Board members as well as their subsequent re-nomination/re-election.

A director who wishes to retire or resign should provide sufficient notice to the Board so that a replacement may be appointed before he leaves. In the event of any vacancy, the Company shall endeavour to fill the vacancy within two months, but in any case not later than three months.

All directors have to submit themselves for re-nomination/re-election at regular intervals or at least once every three years in accordance with Regulation of 106 of the Company's Constitution. Based on the rotation list of directors due for retirement, Mr Foo Suan Sai and Mdm Han Juat Hoon respectively is due for retirement as a director at the forthcoming AGM. The NC had recommended to the Board for Mr Foo Suan Sai and Mdm Han Juat Hoon be nominated for re-election in accordance with Regulation 106 of the Company's Constitution at the AGM. In reviewing the re-election of directors, the NC has considered criteria such as the Director's contribution and performance, attendance, preparedness, participation, candour and suitability, and if applicable, assessment of the Director's independence. The NC is satisfied that the Directors under review have been adequately carrying out his/her duties as a Director of the Company. Please refer to the section "Disclosure of Information on Directors seeking re-election" for more information on Mr Foo Suan Sai and Mdm Han Juat Hoon.

Mr Wong Meng Yeng, Mr Lim Keng Jin and Mr Foo Maw Shen retired at the AGM held on 30 April 2024 pursuant to Rule 210(5)(d)(iv) of the Listing Manual as each of them has been a director for an aggregate period of more than 9 years. The Board appreciated their valuable contributions to the Company.

The NC has a process for selection and appointment of new Directors which includes identification of potential candidates, evaluation of candidates' skills, knowledge and experience, assessment of candidates' suitability. The curriculum vitae and other particulars/documents of the nominee or candidate will be reviewed and evaluated by the NC based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process, such qualities and attributes that may be required by the Board, before making its recommendation to the Board. The criteria for identifying candidates and reviewing nominations for appointments include diversity of gender, skills and experience in the pool of candidates evaluated for new appointment to the Board.

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Provision 4.4 - Independence review of Directors

The NC has reviewed (with each NC member who is an Independent Director recused himself from determining his own independence) and determined that Mr Chong Teck Sin, Mr Chan Wan Hong and Mr Neo Bock Cheng are independent as at the date of this Annual Report having regard to the circumstances set forth in Provision 2.1 of the 2018 Code and the Listing Manual. The Independent Directors do not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors are not employees of any company within the Group. Their experience in finance, business, law and engineering enables them to exercise objective judgement on corporate affairs independently.

Provision 4.5 - Duties and obligations of Directors

The Board is of the view that the current size of the Board is appropriate for effective decision making taking into account the scope and the nature of the operations of the Company and as a group provides valuable perspectives and knowledge of the Company. The Board, with the review by NC, has annually examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. As a team, the Board collectively provides core competencies in the areas of finance, business, law and engineering.

The Board has not determined the maximum number of listed company board representations which any director may hold. The Board reviewed and agreed that directors with multiple listed company board representation and other principal commitments were able to and have been adequately carrying out their duties as a Director of the Company. Although the non-executive Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective.

The Board's succession planning begins with the appointment of new directors to the Board. The Board recognised the importance of identifying potential candidate within the Company for succession planning for the CEO and key management personnel. The NC reviews succession plan annually to ensure continuity of leadership.

The Company has no alternate director.

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Key information regarding the Directors of the Company in office at the end of FY2024 are disclosed as follows:

| Name of Directors | Date of first appointment | Date of last re-election | Nature of Appointment | Membership of Board Committee | Directorship/ Chairmanship both present and those held over the preceding five years in other listed company |
|-------------------|---------------------------|--------------------------|-----------------------------------|---|--|
| Foo Suan Sai | 30 September 1988 | 27 April 2022 | Chief Executive Officer | Member of Nominating Committee | None |
| Han Juat Hoon | 16 May 1987 | 21 April 2023 | Chief Operating Officer | None | None |
| Foo Fang Yong | 28 May 2015 | 30 April 2024 | Executive Director | None | None |
| Chong Teck Sin | 30 April 2024 | - | Independent Director and Chairman | Chairman of Audit and Risk Management Committee, member of Nominating Committee and Remuneration Committee | <u>Present</u> AIMS APAC REIT Management Limited (as Manager of AIMS APAC REIT) Uni-Asia Group Limited <u>Past</u> Changan Minsheng APPL Logistics Co., Ltd InnoTek Limited Civmec Limited |
| Chan Wan Hong | 30 April 2024 | - | Independent Director | Chairman of Nominating Committee and member of Remuneration Committee and Audit and Risk Management Committee | Centurion Corporation Limited Pan-United Corporation Ltd. |
| Neo Bock Cheng | 30 April 2024 | - | Independent Director | Chairman of Remuneration Committee and member of Nominating Committee and Audit and Risk Management Committee | None |

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Details of other principal commitments of the Directors have been set out in the Directors' Profile of this Annual Report.

Summary of activities of the NC is set out below:

- Reviewed structure, size and composition of the Board and Board Committees.
- Reviewed independence and time commitment of Directors.
- Reviewed training for directors.
- Evaluated the Board, Board Committee, Chairman and individual Directors performance.
- Reviewed results of performance evaluation and feedback to the Chairman and Board Committees.
- Reviewed succession planning for Chairman, CEO and key management personnel.
- Reviewed Board Diversity Policy.

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.

Provisions 5.1 and 5.2 – Board Evaluation Process

The Board's performance is ultimately reflected in the performance of the Group. The Board shall, at all times, act honestly and use reasonable diligence and care in the discharge of the duties of their office. They have to carry their duties in the best interests of the Company and its shareholders. Board members must attend at least 75% of all Board Meetings.

The NC has established an appraisal process to annually assess the performance and effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of the Chairman and contribution by each individual Director to the effectiveness of the Board. Each Director is required to complete a questionnaire so that the Board considers the performance and effectiveness in its entirety. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, and the Board's performance in relation to discharging its principal responsibilities. The assessment of Board Committees reviews the effectiveness of each Board Committee to address matters delegated in the Terms of Reference and guidelines of the 2018 Code. Directors assessed the contribution by the Chairman in terms of leadership and communication to stakeholders. Assessment on the contribution by each individual director allow directors to assess how well directors perceive themselves and each other to be contributing positively to the work of the Board in terms of leadership, communication skills and effectiveness of risk management. The findings of such evaluations were analysed and discussed with a view to enhance the effectiveness of the Board. The Board was updated on the analysis of such evaluations. The Board concurred and supported the suggestions of the NC to bring about Board effectiveness especially in terms of strategic issues. No external facilitator was used to conduct the evaluation of Board performance.

Performance of Board members is also evaluated informally on a continual basis by the NC according to their contribution during meetings and also their input to the Company on matters

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related to corporate governance, legal or accounting matters, based on their individual expertise.

During FY2024, there was no change to the criteria used to evaluate the performance and effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of the Chairman and contribution by each individual Director to the effectiveness of the Board. The NC is of the opinion that the above performance evaluation criteria are currently adequate. Each director continues to contribute effectively and demonstrate commitment to the appointed role.

REMUNERATION MATTERS

Procedures for developing remuneration policies

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

Provisions 6.1 and 6.2 – Composition of the RC

The RC comprised three members, who are all non-executive and Independent Directors. The RC is chaired by Mr Neo Bock Cheng since 30 April 2024. Mr Chong Teck Sin and Mr Chan Wan Hong are members of the RC as at end of FY2024. The RC meets at least once a year. The RC has a written terms of reference that describe its objectives, duties and responsibilities. The objectives of the RC are to facilitate appropriate transparency and accountability to shareholders and make recommendations to the Board on remuneration matters of the Director, CEO and key management personnel.

The RC's main responsibilities as written in the terms of reference which include recommending to the Board on:-

- (a) a framework of remuneration for the Board and the key management personnel of the Group covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind;
- (b) specific remuneration packages for each Director and key management personnel; and
- (c) reviewing the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies and considering long-term incentives.

Provision 6.3 – Remuneration framework

The RC reviews the performance of the CEO, Chief Operating Officer and key management personnel, as well as reviewing and approving executive remuneration including but not limited to Directors' fees, salaries, allowances, bonuses and benefits based on benchmarking exercises with industry peers. The recommendations from the RC will be submitted for endorsement by the entire Board. No RC member or any Director is involved in deliberation in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

CORPORATE GOVERNANCE REPORT

Provision 6.4 – Remuneration consultant

The Company did not seek expert advice inside and/or outside the Company on remuneration of all Directors.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1 and 7.3 – Remuneration of Executive Directors and KMPs

Provision 7.2 – Remuneration of Non-Executive Directors

The Executive Directors, Mr Foo Suan Sai and Mdm Han Juat Hoon, are also the substantial shareholders of the Company. Their interests are therefore in line with the Company's interest. Remuneration of Mr Foo Suan Sai and Mdm Han Juat Hoon is in accordance with their service contracts. There is a linkage between remuneration paid to executive Directors and performance of the Company based on a profit sharing scheme. The profit sharing scheme is approved by the Board with the concurrence of the Remuneration Committee on an annual basis.

Remuneration packages of key management personnel are proposed by the CEO and are linked to the performance of the individual and the Group based on benchmarking exercises with industry peers to ensure competitiveness.

Remuneration packages of the Executive Directors and key management personnel are structured to focus on achieving sustainable performance and create value in the short, medium, and long term taking into account strategic objectives and business model of the Group. With sustainable creation of value for the Company's key stakeholders, comprising communities, customers, employees, regulators, shareholders and vendors, these performance-related remuneration ensure the Company remains focused on the path to achieving long-term success. For example, the Board's implementation of strategy towards customer satisfaction through the offer of extensive and comprehensive product range (developed by employees under the guidance of key management personnel) that meet the market's needs benefit our customers and vendors. With performance-related remuneration of executive directors and key management personnel structured to link rewards to corporate and individual performance, the long-term success of the Company becomes sustainable.

Remuneration of Non-Executive Directors takes into account the effort and time spent, including the responsibilities of each Director. Non-Executive Directors are paid Directors' fees, which are subject to approval of the Shareholders at the AGM.

The Board comprises majority Independent Directors some of whom hold shares in the Company and their interests are aligned with the interests of shareholders.

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Provision 7.3 – Long Term incentives

The Company currently does not have any share option scheme or any long term scheme in place as the Company believes “pay holds employees accountable” for improving shareholder value and drive productivity profit. The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from executive Directors and key management personnel in exceptional cases of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Disclosure on Remuneration

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

Provision 8.1 – Disclosure of remuneration

Remuneration is fixed in accordance with the experience of the person in question, the role performed, market comparison, the contribution of the individual and/or the performance of the Company and the Group.

The breakdown of annual remuneration of Directors and CEO as at 31 December 2024 are set out below:

| FY2024 | Base Salary \$ | Variable Bonus \$ | Profit Sharing \$ | Benefits \$ | *Fees \$ | Total \$ |
|----------------|-------------------|----------------------|----------------------|----------------|-------------|--------------|
| Chong Teck Sin | - | - | - | - | 115,000.00 | 115,000.00 |
| Foo Suan Sai | 835,632.00 | - | 3,111,331.04 | 47,468.84 | - | 3,994,431.88 |
| Han Juat Hoon | 563,634.00 | - | 2,335,998.28 | 19,716.40 | - | 2,919,348.68 |
| Foo Fan Yong | 475,290.67 | - | 1,204,122.83 | 16,066.50 | - | 1,695,480.00 |
| Chan Wan Hong | - | - | - | - | 90,000.00 | 90,000.00 |
| Neo Bock Cheng | - | - | - | - | 90,000.00 | 90,000.00 |

* The amounts of Directors’ fees proposed to the Non-Executive Directors (including the Independent Directors) for FY2024 are subject to the approval of shareholders at the forthcoming AGM.

The annual remuneration bands (in Singapore Dollars) of the key management personnel as at 31 December 2024 are set out below:

| FY2024 | Base Salary % | Variable Bonus % | Profit Sharing % | Benefits % | Fees % | Total % |
|---------------------------------|------------------|---------------------|---------------------|---------------|-----------|------------|
| Key management personnel | | | | | | |
| \$500,000 to below \$750,000 | | | | | | |
| Pui Boon Tiong Eugene | 52 | 45 | - | 3 | - | 100 |
| \$250,000 to below \$500,000 | | | | | | |
| Koh Henry | 62 | 32 | - | 6 | - | 100 |
| Below \$250,000 | | | | | | |
| Goh Tian Keong Winston | 81 | - | - | 19 | - | 100 |
| Zhang Xiaowen Amanda | 73 | 24 | - | 3 | - | 100 |

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The Company is disclosing the remuneration of each key management personnel in bands of \$250,000. The Group remunerates its key management personnel competitively. To secure the very best talented personnel especially in the competitive IT distribution and IT training business and due to the competitiveness for such talent, the Company is not disclosing the aggregate remuneration paid to the key management personnel of the Group in this report. The Board is of the view that aggregate remuneration of key management personnel is not in the best interest of the Company, considering the highly competitive IT industry and may adversely affect the Company's talent retention efforts, given the sensitive nature in the IT industry for key talent. Talent and workforce matters have become even more important as the Board thinks strategically about talent.

Remuneration of Mr Foo Suan Sai and Mdm Han Juat Hoon are in accordance with their respective service contracts with the Company. Remuneration of Mr Foo Fang Yong is in accordance with his employment contract with the Company. For the key management personnel, the remuneration is based on their respective employment contract with the Company and fixed based on the above factors as well as negotiation between the parties concerned.

Provision 8.2 – Remuneration of related employees

There are three employees who are immediate family members of a Director or the CEO. However, their individual remuneration did not exceed \$100,000 during FY2024.

Provision 8.3 – Forms of remuneration and details of employee share schemes

The Company does not have any employee share scheme.

Summary of activities of RC in FY2024 is as follow:

- Reviewed remuneration packages of key management personnel and employees related to substantial shareholder which includes salary adjustments and bonus.
- Reviewed remuneration package of the Executive Directors which includes salary and profit sharing bonus.
- Reviewed and recommended Directors' fees for approval of shareholders at the AGM.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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Provision 9.1 – Nature and extent of risks

The ARMC takes on the corporate governance and oversight responsibilities in respect to risk management of the Group and each subsidiary.

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk while at the same time achieving strategic objectives and value creation.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls (including financial, operational, compliance and information technology controls) and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The Board has approved an Enterprise Risk Management ("**ERM**") Framework ("**ERM Framework**") for the identification of key risks within the business which is aligned with the ISO 31000:2018 - Risk Management. To enhance the effectiveness of the ERM Framework, the Group implemented Orion ERM system, a third-party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

The ARMC oversees risk governance which includes the following roles and responsibilities:

- proposes the risk governance approach and risk policies for the Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by management; and
- reviews management's assessment of risks and management's action plans to mitigate such risks.

Under the ERM Framework:

- (a) Risks identified are aligned with the objectives of the Group;
- (b) A risk reporting structure is defined to identify the risk owners, approvers, champions and their respective risk responsibilities;
- (c) A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks; and
- (d) Risks are evaluated on a common measurement matrix based on the likelihood and consequence of each risk identified. The risks are first identified on a gross level and subsequently on a residual level considering the risk treatment measures in place. The residual risk level determines the extent or risk exposure and further risk treatment measures required.

CORPORATE GOVERNANCE REPORT

An ERM exercise was performed in FY2024 involving middle and senior managers of the Group, including the C-Suite executives. Key risks identified, arising from the ERM exercise, are as follows:

| S/N | Risk title and description | Risk treatment |
|-----|---|--|
| 1 | <p><u>Adverse changes in operating environment and market conditions</u></p> <p>A deterioration in economic and market conditions may arise due to events such as geo political conflicts, new pandemic and climate changes. Such events may bring about dampening of market demand and cause supply chain disruptions leading to general price increases. Suppliers may also pass on climate related regulatory costs such as carbon tax to the Group by way of price increase. Should the deterioration persist, the business and financial performance of the Group may be adversely impacted.</p> <p>For climate-related risks and responses (physical risk), refer to our disclosures based on Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations in our sustainability report.</p> | <p>The Group seeks to minimise adverse effects from deterioration in economic conditions and market conditions due to external events such as the pandemic outbreak, geo-political situations and climate changes.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, putting in place an effective IT system and close monitoring of financial performance.</p> |
| 2 | <p><u>Dependency on key distributor rights</u></p> <p>The Group is principally involved in the distribution of IT security products for vendors. Distribution rights may be lost due to: (i) change in ownership structure of vendors, resulting in termination of business relationships; (ii) inability to meet sales targets set by the vendors; (iii) non or late repayment of balances due to vendors for purchases; (iv) non compliance with the terms of distributorship agreements with the vendors; and (v) changes in strategic direction of vendors.</p> | <p>The Group focuses on building sustainable relationships with its key vendors to retain distribution rights.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate and effective policy and procedures, putting in place an effective IT system, regular business review with vendor and regular review of financial performance.</p> |
| 3 | <p><u>Dependency on key managers and staff</u></p> <p>The Group's operations are dependent on the management and support staff. If the Group is unable to retain, attract and hire competent and experienced staff, the ability to run the operations may be adversely affected.</p> | <p>The Group focuses on building and maintaining a conducive, fulfilling and rewarding work environment to address the risk of staff turnover.</p> <p>The Group regularly reviews and develops bench strength for the succession planning of key managers and staffs.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate and effective policy and procedures and maintaining formal performance tracking, evaluation and feedback controls.</p> |

CORPORATE GOVERNANCE REPORT

| S/N | Risk title and description | Risk treatment |
|-----|---|---|
| 4 | <p><u>Foreign exchange losses</u></p> <p>The Group operates in multiple countries in which some are developing countries with volatile currencies. Given that sales are typically transacted in local currencies, and should there be a sudden currency devaluation, the Group may suffer significant exchange losses that will adversely affect its financial performance.</p> | <p>The Group seeks to minimise adverse effects from the volatility of foreign exchange rates though adequate and effective tracking and planning.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate and effective policy and procedures, maintaining an effective IT system, close monitoring of foreign exchange positions.</p> |
| 5 | <p><u>IT system failure leading to business disruptions</u></p> <p>The Group is reliant on various systems to support its operations. System failures due to accidents such as fire, power failure, cyber-attacks or unauthorised intrusions may result in the loss of key operating data and operational disruptions.</p> | <p>The Group focuses on building and maintaining a robust and secured information technology infrastructure.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team to support business operations, performing regular backup procedures and adopting sufficient security controls for systems in place.</p> |
| 6 | <p><u>Inability of customers to meet their obligations</u></p> <p>Customers comprise mainly re sellers that are mostly system integrators installing IT systems for end users such as financial institutions or governmental bodies. Non payment of overdue balances will affect the Group's financial performance and cash flows.</p> | <p>The Group follows up closely with its customers to minimise the adverse effects on financial performance and cash flows from non-collectable customer balances.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate and effective policy and procedures, establishing credit limit, putting in place an effective IT system and regular review of financial performance.</p> |
| 7 | <p><u>Fraud and irregularities</u></p> <p>The Group is exposed to the risk of fraud, bribery and irregularities such as: (i) misstatements in the financial statements; (ii) misappropriation of assets, such as cash and inventory; and (iii) acceptance of bribes by employees in return for favor in purchases and awards of contracts.</p> | <p>The Group is committed to maintain high standards of corporate governance.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate and effective policy and procedures, putting in place an effective IT system and whistle-blowing mechanism.</p> |

CORPORATE GOVERNANCE REPORT

| S/N | Risk title and description | Risk treatment |
|-----|---|--|
| 8 | <p><u>Non-compliance with laws, regulations and legal disputes</u></p> <p>In the course of running its operations, the Group has to comply with relevant laws and regulations, such as SGX-ST Listing Rules, local tax laws/ regulations and climate reporting requirements. Separately, disputes with counterparties, in which contractual relationships have been established, may arise due to reasons such as disagreements over scope of responsibilities and specification of products/ services.</p> <p>In the event that the disputes cannot be resolved satisfactorily or there is a failure to comply with the applicable laws and regulations, the Group's reputation may be adversely affected, and the Group may suffer financial losses arising from fines or penalties imposed by the relevant authorities.</p> <p>For climate-related risks and responses (transition risk), refer to our disclosures based on TCFD recommendations in our sustainability report.</p> | <p>The Group focuses on ensuring compliance with contracts to avoid disputes with counterparties.</p> <p>Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate and effective policy and procedures, including clauses in contracts to limit risk exposure, implementing a centralised filing system for contracts and obtaining advice from professional service providers.</p> |

The above section discusses the key risks that have emerged and which may have a significant impact on the Group's financial and operating performance. It is not intended to provide a complete discussion of all risks that may impact the Group. Other risks which the Group is unaware of or which are not currently deemed to be significant may be material in the future and have a considerable adverse effect on the Group's financial and operating performance. The risk treatments mentioned above represent our best endeavours but do not provide absolute assurance that the Company will not be adversely affected by any risk event that can be reasonably foreseen as it strives to achieve its business objectives.

CORPORATE GOVERNANCE REPORT

Management presented its annual report to the ARMC and the Board on the Group's risk profile, status of risk mitigation action plans and results of various assurance activities carried out during FY2024 on the adequacy and effectiveness of the Group's risk management and internal controls including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal and external audits performed by internal and external auditors. For FY2024, control self-assessment was performed using the Orion ERM system.

Save in respect of the exceptions set out below, based on the Risk Management Framework and internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the management, various Board Committees and the Board, the ARMC and the Board are satisfied that the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) were adequate and effective for the financial year ended 31 December 2024 to address financial, operational, compliance and information technology risks.

The Board noted that system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also noted that no system of internal controls (including financial, operational, compliance and information technology controls) and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Provision 9.2 – Assurance from the CEO and Financial Controller

The Board had identified the Financial Controller as the key management personnel responsible for the Company's risk management and internal control systems. The Board had obtained a written confirmation from the CEO and Financial Controller:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls). The CEO and Financial Controller have obtained assurance from the respective risk and control owners.

CORPORATE GOVERNANCE REPORT

Audit and Risk Management Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3 – Composition of the ARMC

The ARMC comprised three members, all are non-executive and Independent Directors. The ARMC was chaired by Mr Chong Teck Sin since 30 April 2024. The other ARMC members are Mr Chan Wan Hong and Mr Neo Bock Cheng. The ARMC members have accounting or related financial management expertise and experience. The NC is of the view that the members of the ARMC have the necessary expertise and experience to discharge its functions. None of the ARMC members nor the ARMC Chairman are former partners or Directors of the Company's existing auditing firm or auditing corporation.

The objectives of the ARMC are to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control and risk management.

The written terms of reference defining its scope of authority and duties of the ARMC reflect the risk management and internal control role of the ARMC which include:

- To review the scope and results of the audit, whether it is cost effective and the independence and objectivity of the external auditor on an annual basis;
- To review risk governance and advise on the overall risk tolerance and strategy;
- To make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- To review with the external auditor on their audit report, management letter and management's response;
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;
- To review the quarterly, half-yearly and annual financial statements before submission to the Board;
- To review the assistance given by the management to the auditors;
- To make recommendations to the Board for the appointment, re-appointment and removal of internal auditor, and approve the terms of engagement and remuneration;
- To approve the hiring, removal, evaluation and compensation of the accounting/ auditing/ professional service firm to which the internal audit function is outsourced;
- To review with the internal auditor the scope of the internal audit and results of the internal audit report and management's response;
- To review the adequacy and effectiveness of the Company's internal controls and procedures for internal control and risk management and arrangements for all future related party transactions;

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- To review interested party transactions periodically;
- To review the policy and arrangement by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and
- To oversee risk governance (refer to detailed disclosure under principle 11).

The ARMC has full access to Management and the full discretion to invite any Director or executive officer to attend meetings, and reasonable resources to enable it to discharge its function properly.

During the review of all audit and non-audit services provided by the external auditor, Messrs BDO LLP during the year, the ARMC was satisfied that the non-audit services provided by Messrs BDO LLP would not affect the objectivity and independence of the external auditor. The amount of fees paid to external auditor for audit and non-audit services for the financial year ended 31 December 2024 are set out on page 178 of the Annual Report. During the year, the ARMC also reviewed the scope and quality of the audits and independence and objectivity of the external auditor. The ARMC is satisfied that the external auditor, Messrs BDO LLP is able to meet the audit requirements and statutory obligation of the Company. The ARMC shall continue to review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditor. The ARMC is satisfied with the independence of the external auditor. The ARMC has recommended to the Board the re-appointment of Messrs BDO LLP as the Company's external auditor at the forthcoming AGM.

The Board and the ARMC are satisfied that the appointment of different auditors for its overseas incorporated subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The Company is therefore in compliance with Rule 712 and Rule 715 of the Listing Manual of SGX-ST.

The ARMC meets at least two times a year. The ARMC meetings are attended by external auditor and where required, internal auditor and appropriate members of the executive management are invited to attend its meetings. In FY2024, the ARMC carried out the activities as set out above. The ARMC meets the external auditor and internal auditor without the presence of Management at least once annually. The ARMC received updates on changes in accounting standards and corporate governance from the external and internal auditors periodically. The ARMC is kept abreast of changes to accounting standards and issues which have a direct impact on financial statements by the external auditor.

The Company has put in place a whistle-blowing framework, endorsed by the ARMC, where employees of the Company may, in confidence, raise their concerns over any wrongdoing within the Company relating to unlawful conduct, financial malpractice or dangers to the public or the environment. The whistle-blowing policy sets out the procedures for a whistleblower to make a report on misconduct or wrongdoing relating to the Company and its officers and assurance to have protection of the whistleblower against detrimental or unfair treatment. There is a designated independent function to investigate whistleblowing reports made in good faith with identity of the whistleblower kept confidential. ARMC is responsible for oversight and monitoring of whistleblowing. At each ARMC meeting, whistle-blowing reports, if any, will be

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considered. Details of the whistle-blowing policies and arrangements have been made available to all employees.

Other information pertaining to the ARMC is disclosed on page 106 of the Annual Report.

FY2024, the ARMC received the Audit Quality Indicators Disclosure Framework from the external auditor. The external auditor has reported to the ARMC on the Key Audit Matters ("**KAM**") in respect of FY2024 following completion of the audit of the Company's financial statements. The ARMC agreed with the rationale and determination of recoverability and expected credit loss ("**ECL**") of trade receivables from third parties as KAM by the external auditor. The ARMC has considered the approach and methodology used by the external auditor and Management. The ARMC has reviewed the reasonableness and approach of the Management's assessment of the respective KAM and agreed with the opinion of the external auditor.

Provision 10.4 – Internal audit function

The Group outsources its internal audit function to Messrs Yang Lee & Associates ("**YLA**" or "**IA**"). YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The Group's engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing ("**IIA Standards**") issued by the Institute of Internal Auditors.

The IA completed three reviews during the financial year ended 31 December 2024 in accordance with the risk-aligned internal audit plan approved by the ARMC. The Board has adopted the recommendations of the internal auditor set out in the internal audit report.

The ARMC has reviewed and confirmed that YLA is a suitable professional service firm to meet the Company's internal audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audit. IA reports directly to the Chairman of the ARMC. The ARMC approves the appointment, evaluation and fees of the internal audit firm. IA have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC.

The ARMC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The ARMC is satisfied that the internal audit function is independent, effective and adequately resourced (being outsourced to a reputable professional service firm). Hence, it has an appropriate standing within the Company.

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Provision 10.5 – ARMC activities during the year

Summary of activities of the ARMC in FY2024:

- Reviewed risk assessments and technology risks including new projects;
- Reviewed internal controls addressing financial, operational, compliance and information technology;
- Discussed key risks;
- Monitored risk profile and keep abreast of changes in the external and internal environment;
- Reviewed and assessed the adequacy and effectiveness of risk management and internal control systems (including financial, operational, compliance and information technology);
- Reviewed and approved risk management framework;
- Reviewed and assessed the risk management capabilities and resources of the Company;
- Reviewed the assurance provided by the CEO and key management personnel responsible regarding the adequacy and effectiveness of evaluation the adequacy and effectiveness of risk management and internal control systems (including financial, operational, compliance and information technology);
- Reviewed legal and regulatory matters that may have material impact on the Company;
- Conducted special investigations relating to risk assessment and technology risks and internal control systems;
- Reviewed quarterly, half-yearly and annual financial statements and recommend to the Board;
- Reviewed financial and operating performance of the Group;
- Reviewed budget and forecasts as presented by Management;
- Reviewed interested person and related party transactions, where available;
- Reviewed the audit report from the external auditor, including areas of audit emphasis and key audit matters, findings and progress of Management's actions as well as update on new accounting standards with status of Management's implementations;
- Evaluated and recommended the re-appointment of the external auditor including Audit Quality Indicators, review of fees, provision of non-audit, objectivity and independence and review of audit plan;
- Reviewed internal audit plan (including progress, implementation of management actions, changes to the plan and auditable entity) and follow-up on internal audits which include IT audit;
- Reviewed the adequacy and effectiveness of the internal controls (including financial, operations, compliance and information technology) and risk management systems;
- Reviewed the adequacy and effectiveness, independence and scope of the internal audit function including audit resources and its appropriate standing within the Group;
- Reviewed investigations within the Group and ensuring appropriate follow-up actions, where required; and
- Meeting with the external auditor and internal auditor without presence of Management.

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SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Provisions 11.1, 11.2, 11.3 and 11.4 - Conduct of general meetings

The Board is accountable to the shareholders and is mindful of its obligation to provide a balanced and understandable disclosure of material information to shareholders, investors and public. This allows shareholders to assess its performance, position and prospects.

The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholders' rights. The Board allows all shareholders to exercise their voting rights by participation and voting at general meetings. Shareholders will be informed about the voting procedures that govern general meetings of shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

All Directors including the chairpersons of the ARMC, NC and RC will be present and available to address questions. The external auditor will be present to assist the Directors in addressing any relevant queries by shareholders and address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

Shareholders have the opportunity to participate in and vote at general meeting of shareholders. All resolutions are voted by poll in the presence of independent scrutineers and the detailed results are released to the public via SGXNET after the meeting. As the present Constitution of the Company does not have a provision to allow shareholders to vote in absentia, via methods such as e-mail, fax, etc., and the legal and regulatory environment is not entirely conducive for voting in absentia, the Company does not allow a shareholder to vote in absentia at general meetings. The introduction of absentia voting methods will be deferred until an appropriate time. The Board will review its Constitution from time to time. Where amendment of its Constitution is required to align the relevant provisions with the requirements of the Listing Manual of the SGX-ST, shareholders' approval will be obtained.

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The AGM held on 30 April 2024 was conducted physically with shareholders given the opportunity to submit questions in advance prior to the AGM and voting at the AGM personally or through duly appointed proxies. Shareholders could appoint the Chairman as proxy. Shareholders are given opportunity to submit questions related to the agenda of the AGM prior to the AGM.

Provision 11.5 – Minutes of general meetings

Minutes of general meetings include substantial comments or queries from shareholders and responses from the Board and management relating to the agenda of the meeting. These minutes are made available to shareholders upon their request. The Company published minutes of AGM via SGXNET on 29 May 2024.

Provision 11.6 – Dividend policy

The Company does not have a policy on dividends. However, declaration of dividends is with the objective of maximising value with the balance of current dividend and future growth and will be published in the financial results and dividend announcements via SGXNET. The Company paid a final tax exempt (1-tier) dividend of 15.50 cents per ordinary share for FY2023 and an interim tax exempt (1-tier) dividend of 11.10 cents per ordinary share for FY2024. Subject to approval of members at the forthcoming AGM, the Directors have recommended a final tax exempt (1-tier) dividend of 14.20 cents per ordinary share for FY2024.

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.

Provisions 12.1, 12.2 and 12.3 – Stakeholder engagement

The Company aims to engage in regular, effective and fair communication with shareholders, and be as descriptive, detailed and forthcoming as possible. The Annual Report and Notice of AGM is made available to all shareholders and published on SGXNET. The notice is also advertised in the press and made available on the website. At AGM, the Company encourages shareholder participation and shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

The electronic Annual Report and financial results are disclosed on an equal and timely basis through SGXNET within the mandatory period and the information is also available on the Company's website www.multichem.com.sg. Information on the Company's new initiatives or key developments are first disseminated via SGXNET and also made available on-line to shareholders

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in a timely and transparent manner with the same disclosure given publicly to all. Price sensitive information is announced through SGXNET. However, any information that may be regarded as undisclosable material information about the Group will not be given. Due to limited resources, the Company manages financial results and press releases and the production of annual reports (and other compliance reports) as their key roles and responsibilities; and it is in these activities that they are most engaged.

The Company has an Investor Relations policy which aims to ensure all investors are able to access information of the Company, including Company's business strategies and updates, stock and financial performance, corporate management and governance and etc., in a timely manner. Shareholders can send questions to the Company's website www.multichem.com.sg and the Company responds to such questions.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provisions 13.1, 13.2 and 13.3 – Stakeholder engagement

The Company engages its stakeholders through different channels to establish, address and monitor the material environmental, social and governance (ESG) factors of the Company's operation and its impact on the various stakeholders.

The Company engages stakeholders with the various channels that are already in place, to better understand its stakeholders' concerns, and address any issues that they may face. Engagement channels and frequencies are reviewed periodically to ensure that they are sufficient to deal with current identified stakeholders' ESG-related issues.

The Company is also committed to enhance and improve the current engagement initiatives, while staying abreast of new trends or developments that may affect the sustainability standing of the Company, and eventually devise corresponding measures to resolve the new ESG issues.

For more information on the Company's approach to stakeholder engagement and materiality assessment, please refer to the Company's Sustainability Report 2024 of this annual report.

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DEALINGS IN SECURITIES

The Group has set an internal guideline relating to dealing in the Company's securities by the Company and its officers. The Company and its officers should not deal in the Company's securities:

- (a) when in possession of unpublished material price sensitive information;
- (b) on short term considerations; and
- (c) during the period commencing one month before the announcement of the Company's quarter, half year and full year results and ending on the date of the particular announcement.

The abovementioned share trading guideline are disseminated through periodic reminders during the course of the year to the Company and its officers (including Directors and employees with access to price sensitive information in relation to the Company's shares). In addition, the guidelines require officers to disclose in writing to the executive Directors on their dealings in the Company's securities.

INTERESTED PERSON TRANSACTIONS

The Company monitors all its interested person transactions and ensures that all transactions with interested persons are reported in a timely manner for review by the ARMC.

There was no interested party transaction entered into with value more than \$100,000 during the financial year. The Company does not have a mandate on Interested Person Transactions.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling shareholder, either still subsisting at the end of FY2024.

CORPORATE DIRECTORY

Chief Executive Officer

Foo Suan Sai

Chief Operating Officer

Han Juat Hoon

Executive Director

Foo Fang Yong

Finance, HR & Administration

Zhang Xiaowen Amanda

Siow Mee Lin

Purchasing & Logistics

Goh Kie Soon Geraldine

Distribution Division

Goh Tian Keong Winston

Pui Boon Tiong Eugene

Koh Henry

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10F., No. 45, Dongxing Rd.,
Xinyi Dist., Taipei City 110403,
Taiwan (R.O.C.)
Main Line : (886) 2 2659 9128
Main Fax : (886) 2 2659 9127

CHINA OFFICE:

- **M.TECH (SHANGHAI) CO.,LTD**
Unit 903, 9th Floor,
699 Zhaohua Road, Changning District,
Shanghai PRC 200050
Main Line : (86-21) 62171989
- **BEIJING BRANCH**
Room R105, Dayue Wenchuang
Building 48, No. 25 Yuetan North Street,
Xicheng District, Beijing PRC. 100037
Main Line : (86-10) 8280 0190
- **GUANGZHOU BRANCH**
Room 1404, Building A, Poly Zhongyu Plaza,
No. 626 Tianhe North Road,
Tianhe District, Guangzhou
Main Line : (86-20) 8550 1455
- **SHENZHEN BRANCH**
Room 2705, Block B,
Tianan International Building,
3012 Renmin South Road, Luohu District,
Shenzhen, Guangdong, China
Main Line : (86) 19076195650

HONG KONG OFFICE:

- **M.TECH PRODUCTS (HK) PTE LIMITED**
Unit 2101, Two Sky Parc
51 Hung To Rd, Kwun Tong, Hong Kong
Main Line : (852) 2369 2678
Main Fax : (852) 2369 2993

INDIA OFFICE

- **M. TECH SOLUTIONS (INDIA) PRIVATE LIMITED**
N1 Block, 2nd Floor, Manyata
Embassy Business Park, Outer Ring Rd,
Nagavara, Bengaluru,
Karnataka 560045
- **CHENNAI OFFICE**
New No. 63, Old No. 38,
Second Floor, Raj Towers
First Avenue, Ashok Nagar,
Chennai 600083
Main Line : (91-44) 4502 2391

CORPORATE DIRECTORY

- **DELHI OFFICE**

Unit No 307, 3rd Floor,
Baani Corporate One, Plot No. 5
Non Hierarchical Commercial Centre,
Jasola, New Delhi – 110025
Main Line : (91-11) 4100 2960

- **MUMBAI BRANCH**

Unit No. 501, 5th Floor, Town Centre-II,
Marol, Sakinaka, Andheri Kurla Road
Andheri (East), Mumbai 400059
Main Line : (91-22) 4015 4354

- **AHMEDABAD OFFICE**

706, Sakar III, Nr. Income Tax Office
Ashram Road, Ahmedabad 380014
Main Line : (91-79) 4891 3150

- **HYDERABAD OFFICE**

4th Floor, 6-3-248/B, Naveen Nagar,
Road No. 1, Banjara Hills,
Hyderabad Telangana 500034
Telangana, India
Main Line : (91) 77 8056 6047 /
(91) 77 3089 8880

NEW ZEALAND OFFICE

- **M.TECH PRODUCTS**

NEW ZEALAND LIMITED

Level 14, 88 Shortland Street,
Auckland CBD, Auckland 1010
Main Line : (61) 2 8987 0400
Main Fax : (61) 2 8987 0401

JAPAN OFFICE:

- **M.TECH PRODUCTS JAPAN**

KABUSHIKI KAISHA

10th Floor ACN Kyobashi Yaesu Building,
2-8-3 Kyobashi
Chuo-ku, Tokyo
Japan 104-0031

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Main Fax : (65) 6863 1618

KOREA OFFICE:

- **M.TECH PRODUCTS KOREA LLC**

93, Gyesansae-ro, Gyeyang-gu,
Incheon 20165, Korea

Main Line : (65) 6516 0088

Main Fax : (65) 6863 1618

SRI LANKA OFFICE:

- **M.SAAS LANKA (PRIVATE) LIMITED**

HQ Colombo (Level 4), No. 464A,
T.B. Jayah Mawatha, Colombo 10,
01000

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DIRECTORS' STATEMENT

The Directors of Multi-Chem Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024.

1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon 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 2024, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Chong Teck Sin (Appointed on 30 April 2024)
Foo Suan Sai
Han Juat Hoon
Foo Fang Yong
Chan Wan Hong (Appointed on 30 April 2024)
Neo Bock Cheng (Appointed on 30 April 2024)

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is 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.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

According to the register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as follows:

| | Direct Interest | | Deemed Interest | |
|----------------|--|--|--|--|
| | Balance as at 1 January 2024 or date of appointment, if later | Balance as at 31 December 2024 | Balance as at 1 January 2024 or date of appointment, if later | Balance as at 31 December 2024 |
| | Number of ordinary shares | | | |
| Company | | | | |
| Foo Suan Sai | 37,016,525 | 36,215,325 | 25,345,125 | 25,345,125 |
| Han Juat Hoon | 25,345,125 | 25,345,125 | 37,016,525 | 36,215,325 |
| Foo Fang Yong | 162,400 | 162,400 | - | - |
| Chong Teck Sin | 25,000 | 25,000 | - | - |

By virtue of Section 7 of the Act, Mr Foo Suan Sai and Mdm Han Juat Hoon are deemed to have interests in the shares of all the subsidiaries of the Company as at the beginning and end of the financial year. Mr Foo Suan Sai is deemed to be interested in the shares held by his wife, Mdm Han Juat Hoon, and vice versa.

In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the register of Directors' shareholding, the Directors' interests in the shares of the Company as at 21 January 2025 have not changed from those disclosed as at 31 December 2024.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under options as at the end of the financial year.

DIRECTORS' STATEMENT

6. Audit and Risk Management Committee

The Audit and Risk Management Committee comprises the following members who, including the Chairman, are all non-executive and Independent Directors. The members of the Audit and Risk Management Committee during the financial year and at the date of this statement are:

Chong Teck Sin (Chairman)
Chan Wan Hong
Neo Bock Cheng

The Audit and Risk Management Committee performs the functions specified in Section 201B (5) of the Act. In performing those functions, the Audit and Risk Management Committee reviewed the audit plans and the overall scope of examination by the external and internal auditors of the Company. The Audit and Risk Management Committee also reviewed the independence of the external auditor of the Company.

The Audit and Risk Management Committee has reviewed the assistance provided by the Company's officers to the external and internal auditors and the financial statements of the Group and the statement of financial position of the Company as well as the Independent Auditor's Report thereon prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual.

The Audit and Risk Management Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Management Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting. The Audit and Risk Management Committee has carried out an annual review of non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor prior to recommending their recommendation.

In appointing our external auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

7. Independent auditor

The independent auditor, BDO LLP, has expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Foo Suan Sai
Director

Han Juat Hoon
Director

Singapore
10 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Multi-Chem Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multi-Chem Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 113 to 209, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024;
- the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group for the financial year then ended; and
- notes to the financial statements, including material accounting policy information.

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 1967 (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 2024, 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.

INDEPENDENT AUDITOR'S REPORT

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.

1

Recoverability and Expected Credit Loss ("ECL") of trade receivables from third parties

Key Audit Matter

As at 31 December 2024, the Group had current and non-current trade receivables from third parties amounting to \$199,904,000, net of loss allowance of \$5,487,000. The recoverability of trade receivables from third parties is a key element of the Group's working capital management, which is managed on an ongoing basis by the Group's management.

The Group first assessed for credit impaired trade receivables from third parties that are aged more than 5 months per the Group's ECL policy. Thereafter, the Group applied the "simplified approach" for assessing ECL for trade receivables from third parties that are not credit impaired. Under the simplified approach, the Group's management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions in each geographical region and credit rating in each geographical region.

We focused on recoverability and ECL assessment as a key audit matter due to the significant estimates involved in deriving the ECL rates on trade receivables from third parties.

Related Disclosures

Refer to Notes 11 and 33.1 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others:

- We obtained management's basis of determining credit impaired trade receivables;
- We assessed the historical payment trend and on-going business relationship of significant past due trade receivables;
- We verified the Group's historical credit loss rates to the historical data, evaluated their reasonableness and tested the mathematical accuracy of the historical credit loss rates;
- We independently verified the external data sources used by the Group in deriving the adjustments made to historical credit loss rates to reflect the effects of the current and future economic conditions and evaluated the reasonableness of the adjustments; and
- We assessed the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 auditor 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 Lee Kuang Hon.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
10 March 2025

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

| | | Group | | Company | |
|----------------------------------|------|---------|---------|---------|--------|
| | Note | 2024 | 2023 | 2024 | 2023 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 3 | 7,367 | 8,098 | 163 | 589 |
| Investment properties | 4 | - | - | 2,190 | 2,246 |
| Investments in subsidiaries | 5 | - | - | - | - |
| Club memberships | 6 | 998 | 990 | 374 | 374 |
| Right-of-use assets | 7 | 2,066 | 1,768 | 89 | 142 |
| Deferred tax assets | 8 | 6,504 | 5,974 | - | - |
| Financial asset, at FVOCI | 9 | - | 7 | - | - |
| Financial asset, at FVPL | 10 | 5,107 | 4,813 | 5,107 | 4,813 |
| Derivative financial instruments | 10 | 38 | - | - | - |
| Trade receivables | 11 | 27,568 | 17,533 | - | - |
| Prepayments | 12 | 624 | 1,094 | 4 | 55 |
| | | 50,272 | 40,277 | 7,927 | 8,219 |
| Current assets | | | | | |
| Inventories | 13 | 75,867 | 86,847 | 150 | 335 |
| Trade and other receivables | 11 | 181,837 | 172,149 | 37,405 | 23,495 |
| Contract assets | 23 | 2,328 | 1,148 | - | - |
| Prepayments | 12 | 1,556 | 1,490 | 85 | 115 |
| Current income tax recoverable | | 6,714 | 6,650 | - | - |
| Derivative financial instruments | 10 | 36 | - | - | - |
| Fixed deposits | 14 | 40,224 | 34,276 | 11,229 | 23,447 |
| Cash and bank balances | 14 | 43,596 | 38,771 | 1,600 | 4,110 |
| | | 352,158 | 341,331 | 50,469 | 51,502 |
| Less: | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 15 | 187,518 | 182,244 | 7,903 | 7,373 |
| Contract liabilities | 23 | 24,730 | 31,434 | - | - |
| Lease liabilities | 16 | 787 | 786 | 59 | 48 |
| Bank borrowings | 17 | - | 786 | - | - |
| Current income tax payable | | 5,281 | 5,877 | 77 | - |
| | | 218,316 | 221,127 | 8,039 | 7,421 |
| Net current assets | | | | | |
| | | 133,842 | 120,204 | 42,430 | 44,081 |

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

| | Note | Group | | Company | |
|--------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Less: | | | | | |
| Non-current liabilities | | | | | |
| Trade payables | 15 | 22,687 | 9,524 | - | - |
| Contract liabilities | 23 | 3,837 | 3,571 | - | - |
| Lease liabilities | 16 | 1,402 | 1,122 | 41 | 99 |
| Provision for post-employee benefits | 18 | 738 | 637 | - | - |
| Deferred tax liabilities | 8 | 1,242 | 1,423 | - | 7 |
| | | 29,906 | 16,277 | 41 | 106 |
| Net assets | | 154,208 | 144,204 | 50,316 | 52,194 |
| Equity | | | | | |
| Share capital | 19 | 37,288 | 37,288 | 37,288 | 37,288 |
| Foreign currency translation account | 20 | (465) | (3,589) | - | - |
| Other reserves | 21 | (1,152) | (1,145) | - | - |
| Retained earnings | 22 | 118,537 | 111,650 | 13,028 | 14,906 |
| Total equity | | 154,208 | 144,204 | 50,316 | 52,194 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|------|--------------------|--------------------|
| Revenue | 23 | 683,684 | 658,421 |
| Cost of sales | | (586,205) | (563,630) |
| Gross profit | | 97,479 | 94,791 |
| Other items of income | | | |
| Interest income | | 4,702 | 2,729 |
| Other income | 24 | 2,672 | 2,506 |
| Other items of expense | | | |
| Selling and distribution costs | | (36,161) | (35,988) |
| Administrative and other expenses | | (27,443) | (26,292) |
| Loss allowance on third party trade receivables and contract assets | | (857) | (375) |
| Finance costs | 25 | (1,573) | (843) |
| Profit before income tax | 26 | 38,819 | 36,528 |
| Income tax expense | 27 | (8,001) | (9,405) |
| Profit for the financial year | | 30,818 | 27,123 |
| Profit attributable to: | | | |
| Owners of Company | | 30,818 | 27,123 |
| | | 2024 | 2023 |
| Earnings per share | | | |
| - Basic and diluted | 28 | 34.21 cents | 30.10 cents |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|------|----------------|----------------|
| Profit for the financial year | | 30,818 | 27,123 |
| Other comprehensive income: | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency differences on translation of foreign operations | | 3,124 | (1,945) |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Fair value change in financial asset at FVOCI | 9 | (7) | (168) |
| Remeasurements of post-employee benefits | 18 | 34 | 27 |
| Other comprehensive income for the financial year, net of tax | | 3,151 | (2,086) |
| Total comprehensive income for the financial year | | 33,969 | 25,037 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 33,969 | 25,037 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| Note | Share capital \$'000 | Foreign currency translation account \$'000 | Premium on acquisition of non-controlling interests \$'000 | Fair value reserve \$'000 | Statutory reserve \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|-------------------------|--|---|------------------------------|-----------------------------|-----------------------------|------------------------|
| Balance at 1 January 2024 | 37,288 | (3,589) | (1,043) | (432) | 330 | 111,650 | 144,204 |
| Profit for the financial year | - | - | - | - | - | 30,818 | 30,818 |
| Other comprehensive income for the financial year | | | | | | | |
| Foreign currency differences on translation of foreign operations | - | 3,124 | - | - | - | - | 3,124 |
| Fair value change in financial asset, FVOCI | 9 | - | - | (7) | - | - | (7) |
| Remeasurements of post-employee benefits | 18 | - | - | - | - | 34 | 34 |
| Total comprehensive income for the financial year | - | 3,124 | - | (7) | - | 30,852 | 33,969 |
| Distributions to the owners of the Company | | | | | | | |
| Dividends | 29 | - | - | - | - | (23,965) | (23,965) |
| Total transactions with the owners of the Company | - | - | - | - | - | (23,965) | (23,965) |
| Balance at 31 December 2024 | 37,288 | (465) | (1,043) | (439) | 330 | 118,537 | 154,208 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| Note | Share capital \$'000 | Foreign currency translation account \$'000 | Premium on acquisition of non-controlling interests \$'000 | Fair value reserve \$'000 | Statutory reserve \$'000 | Retained earnings \$'000 | Total equity \$'000 |
|---|-------------------------|--|---|------------------------------|-----------------------------|-----------------------------|------------------------|
| Balance at 1 January 2023 | 37,288 | (1,644) | (1,043) | (264) | 330 | 102,429 | 137,096 |
| Profit for the financial year | - | - | - | - | - | 27,123 | 27,123 |
| Other comprehensive income for the financial year | | | | | | | |
| Foreign currency differences on translation of foreign operations | - | (1,945) | - | - | - | - | (1,945) |
| Fair value change in financial asset, FVOCI 9 | - | - | - | (168) | - | - | (168) |
| Remeasurements of post-employee benefits 18 | - | - | - | - | - | 27 | 27 |
| Total comprehensive income for the financial year | - | (1,945) | - | (168) | - | 27,150 | 25,037 |
| Distributions to the owners of the Company | | | | | | | |
| Dividends 29 | - | - | - | - | - | (17,929) | (17,929) |
| Total transactions with the owners of the Company | - | - | - | - | - | (17,929) | (17,929) |
| Balance at 31 December 2023 | 37,288 | (3,589) | (1,043) | (432) | 330 | 111,650 | 144,204 |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|--------|----------------|----------------|
| Operating activities | | | |
| Profit before income tax | | 38,819 | 36,528 |
| Adjustments for: | | | |
| Loss allowance on third party trade receivables and contract assets | | 857 | 375 |
| Allowance made for inventory obsolescence | 26 | 1,277 | 2,483 |
| Third party trade receivables written off | 11 | 53 | 77 |
| Fair value change in financial asset, at FVPL | 10 | (147) | (150) |
| Fair value change in derivative financial instruments | | (78) | - |
| Depreciation of property, plant and equipment | 3 | 872 | 1,149 |
| (Gain)/loss on disposal of property, plant and equipment | 24, 26 | (366) | 1 |
| Amortisation of club memberships | 6 | 10 | 10 |
| Depreciation of right-of-use assets | 7 | 999 | 1,087 |
| Gain on lease modifications | 24 | - | (292) |
| Interest expense | 25 | 1,573 | 843 |
| Interest income | | (4,702) | (2,729) |
| Inventories written off | 26 | 501 | 43 |
| Third party trade and other payables written off | 24 | (927) | (575) |
| Unrealised foreign exchange loss/(gain) | | 331 | (841) |
| Operating cash flows before working capital changes | | 39,072 | 38,009 |
| Working capital changes: | | | |
| Inventories | | 11,373 | (21,945) |
| Trade and other receivables, and contract assets | | (15,678) | (36,662) |
| Prepayments | | 416 | 372 |
| Trade and other payables, and contract liabilities | | 5,984 | 50,189 |
| Provision for post-employee benefits | | 115 | 121 |
| Cash generated from operations | | 41,282 | 30,084 |
| Interest received | | 4,702 | 2,729 |
| Income tax paid | | (9,347) | (7,624) |
| Net cash generated from operating activities | | 36,637 | 25,189 |
| Investing activities | | | |
| Proceeds from disposal of property, plant and equipment | | 646 | 44 |
| Purchase of property, plant and equipment | 3 | (518) | (348) |
| Net cash generated from/(used in) investing activities | | 128 | (304) |

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

| | Note | 2024 \$'000 | 2023 \$'000 |
|---|------|-----------------|-----------------|
| Financing activities | | | |
| Proceeds from bank borrowings (Note A) | | - | 942 |
| Repayments of bank borrowings (Note A) | | (780) | (1,536) |
| Repayments of lease liabilities (Note A) | | (967) | (982) |
| Interest paid | | (1,573) | (843) |
| Dividends paid to owners of the Company | 29 | (23,965) | (17,929) |
| Net cash used in financing activities | | (27,285) | (20,348) |
| Net change in cash and cash equivalents | | 9,480 | 4,537 |
| Cash and cash equivalents at beginning of financial year | | 72,999 | 69,493 |
| Effects of exchange rate changes on cash and cash equivalents | | 1,292 | (1,031) |
| Cash and cash equivalents at end of financial year | 14 | 83,771 | 72,999 |

Note A: Reconciliation of liabilities arising from financing activities

| | 2023 \$'000 | Net Cash flows \$'000 | Non-cash changes Additions and modifications of right-of-use assets under lease liabilities \$'000 | Foreign exchange differences \$'000 | 2024 \$'000 |
|-------------------|----------------|--------------------------------|---|--|----------------|
| Bank borrowings | 786 | (780) | - | (6) | - |
| Lease liabilities | 1,908 | (967) | 1,244 | 4 | 2,189 |
| | 2,694 | (1,747) | 1,244 | (2) | 2,189 |

| | 2022 \$'000 | Net Cash flows \$'000 | Non-cash changes Additions and modifications of right-of-use assets under lease liabilities \$'000 | Foreign exchange differences \$'000 | 2023 \$'000 |
|-------------------|----------------|--------------------------------|---|--|----------------|
| Bank borrowings | 1,417 | (594) | - | (37) | 786 |
| Lease liabilities | 2,000 | (982) | 917 | (27) | 1,908 |
| | 3,417 | (1,576) | 917 | (64) | 2,694 |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

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

1. General corporate information

Multi-Chem Limited is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 18 Boon Lay Way, #05-113, Tradehub 21, Singapore 609966. The Company's registration number is 198500318Z. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group's ultimate controlling parties are Mr Foo Suan Sai and Mdm Han Juat Hoon.

The principal activities of the Company are those of investment holding and provision of value-added printed circuit board ("PCB") related services, to PCB fabricators and the distribution of other PCB related products and equipment to PCB fabricators.

The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2024 were authorised for issue in accordance with a Directors' resolution dated 10 March 2025.

2. Basis of preparation

The 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 relevant notes to the financial statements. All accounting policies have been consistently applied to the current financial year and comparative period, unless otherwise stated.

Where an accounting policy information is not disclosed in the financial statements, it is considered as not material and mainly standardised accounting requirements. The accounting policy information that are material and necessary for the understanding of the financial statements are disclosed in the relevant notes to the financial statements.

The individual financial statements of each entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("S") which is the functional currency of the Company and the presentation currency for the consolidated financial statements. All values presented are rounded to the nearest thousand ("S'000") as indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Basis of preparation (Continued)

The preparation of financial statements in conformity with SFRS(I)s requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the financial year, and the reported amounts of the revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future years if the revision affects both current and future financial years.

Significant accounting estimates and assumptions used:

- Expected credit loss allowance on trade and other receivables (Notes 11 and 33.1)
- Inventory valuation method (Note 13)
- Provision for post-sales technical support (Note 15)

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2024

On 1 January 2024, the Group adopted the new or amended SFRS(I) and interpretations to SFRS(I) that are mandatory for application for the financial year. The adoption of these standards did not result in significant changes to the Group's accounting policies and had no material impact to the Group's financial statements.

New standards, amendments and interpretations issued by not yet effective

There are a number of standards, amendments to standards, and interpretations that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption will have a material impact to the Group, except as disclosed below:

SFRS(I) 18 Presentation and Disclosure in Financial Statements

The SFRS(I) 18 replaces SFRS(I) 1-1 *Presentation of Financial Statements* and provides guidance on presentation and disclosure in financial statements, focus on the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Basis of preparation (Continued)

Changes in accounting policies (Continued)

SFRS(I) 18 Presentation and Disclosure in Financial Statements (Continued)

SFRS(I) 18 introduces:

- New structure on statement of profit or loss with defined subtotals;
- Disclosure related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by accounting standards with adjustments made (e.g. 'adjusted profit or loss'). A reconciliation of MPMs to the nearest total or subtotal calculated in accordance with accounting standards; and
- Enhanced principles on aggregation and disaggregation of financial information which apply to the primary financial statements and notes in general.

SFRS(I) 18 will take effect on 1 January 2027 and management anticipates that the new requirements will change the current presentation and disclosure in the financial statements. An impact assessment regarding the adoption of SFRS(I) 18 is still underway and has not yet been completed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Property, plant and equipment

| | Building | Freehold property | Leasehold properties | Office plant and equipment | Plant and machinery | Total |
|-------------------------------------|----------|-------------------|----------------------|----------------------------|---------------------|---------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | | |
| Cost | | | | | | |
| Balance at 1 January 2024 | 320 | 2,280 | 5,130 | 10,183 | 1,516 | 19,429 |
| Additions | - | - | - | 518 | - | 518 |
| Disposals | - | - | - | (310) | (1,371) | (1,681) |
| Written off | - | - | - | (95) | (23) | (118) |
| Currency translation adjustment | (20) | (143) | 69 | 195 | - | 101 |
| Balance at 31 December 2024 | 300 | 2,137 | 5,199 | 10,491 | 122 | 18,249 |
| Accumulated depreciation | | | | | | |
| Balance at 1 January 2024 | 54 | - | 1,160 | 8,923 | 1,194 | 11,331 |
| Depreciation for the financial year | 10 | - | 99 | 723 | 40 | 872 |
| Disposals | - | - | - | (305) | (1,096) | (1,401) |
| Written off | - | - | - | (95) | (23) | (118) |
| Currency translation adjustment | (4) | - | 19 | 183 | - | 198 |
| Balance at 31 December 2024 | 60 | - | 1,278 | 9,429 | 115 | 10,882 |
| Carrying amount | | | | | | |
| Balance at 31 December 2024 | 240 | 2,137 | 3,921 | 1,062 | 7 | 7,367 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Property, plant and equipment (Continued)

| | Building \$'000 | Freehold property \$'000 | Leasehold properties \$'000 | Office plant and equipment \$'000 | Plant and machinery \$'000 | Total \$'000 |
|--|--------------------|--------------------------------|-----------------------------------|--|----------------------------------|-----------------|
| Group | | | | | | |
| Cost | | | | | | |
| Balance at 1 January 2023 | 323 | 2,298 | 5,172 | 10,327 | 1,516 | 19,636 |
| Additions | - | - | - | 348 | - | 348 |
| Disposals | - | - | - | (266) | - | (266) |
| Written off | - | - | - | (41) | - | (41) |
| Currency translation adjustment | (3) | (18) | (42) | (185) | - | (248) |
| Balance at 31 December 2023 | 320 | 2,280 | 5,130 | 10,183 | 1,516 | 19,429 |
| Accumulated depreciation | | | | | | |
| Balance at 1 January 2023 | 44 | - | 1,071 | 8,408 | 1,094 | 10,617 |
| Depreciation for the financial year | 10 | - | 100 | 939 | 100 | 1,149 |
| Disposals | - | - | - | (221) | - | (221) |
| Written off | - | - | - | (41) | - | (41) |
| Currency translation adjustment | - | - | (11) | (162) | - | (173) |
| Balance at 31 December 2023 | 54 | - | 1,160 | 8,923 | 1,194 | 11,331 |
| Carrying amount | | | | | | |
| Balance at 31 December 2023 | 266 | 2,280 | 3,970 | 1,260 | 322 | 8,098 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. **Property, plant and equipment** (Continued)

| | Office plant and equipment \$'000 | Plant and machinery \$'000 | Total \$'000 |
|-------------------------------------|--|----------------------------------|-----------------|
| Company | | | |
| Cost | | | |
| Balance at 1 January 2024 | 2,342 | 1,516 | 3,858 |
| Additions | 7 | - | 7 |
| Disposals | - | (1,371) | (1,371) |
| Written off | (14) | (23) | (37) |
| Balance at 31 December 2024 | 2,335 | 122 | 2,457 |
| Accumulated depreciation | | | |
| Balance at 1 January 2024 | 2,075 | 1,194 | 3,269 |
| Depreciation for the financial year | 117 | 40 | 157 |
| Disposals | - | (1,095) | (1,095) |
| Written off | (14) | (23) | (37) |
| Balance at 31 December 2024 | 2,178 | 116 | 2,294 |
| Carrying amount | | | |
| Balance at 31 December 2024 | 157 | 6 | 163 |
| Cost | | | |
| Balance at 1 January 2023 | 2,380 | 1,516 | 3,896 |
| Written off | (38) | - | (38) |
| Balance at 31 December 2023 | 2,342 | 1,516 | 3,858 |
| Accumulated depreciation | | | |
| Balance at 1 January 2023 | 1,933 | 1,094 | 3,027 |
| Depreciation for the financial year | 180 | 100 | 280 |
| Written off | (38) | - | (38) |
| Balance at 31 December 2023 | 2,075 | 1,194 | 3,269 |
| Carrying amount | | | |
| Balance at 31 December 2023 | 267 | 322 | 589 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Property, plant and equipment (Continued)

The details of the Group's freehold property & building are as follows:

| Location | Description | Tenure |
|---|---------------------|----------|
| Suite 309/50 Holt Street, Surry Hills, New South Wales 2010, Australia | General office unit | Freehold |

The details of the Group's leasehold properties are as follows:

| Location | Description | Tenure |
|---|---------------------|---|
| 18 Boon Lay Way #04-108 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #04-110 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #04-111 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #05-113 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #05-114 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #06-109 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #06-110 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #06-111 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Property, plant and equipment (Continued)

Material accounting policy information

Property, plant and equipment is recognised at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, on the following bases:

| | | Years |
|----------------------------|---------------------------|-------------------------------------|
| Building | | 40 |
| Freehold property | | No depreciation |
| Leasehold properties | | Over the lease terms of 25 to 56 |
| Office plant and equipment | | 1 to 5 |
| Plant and machinery | - Factory machinery | 8 |
| | - Other factory equipment | 5 |

Freehold property which comprises freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Investment properties

| | Company | |
|--|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Cost | | |
| Balance at beginning and end of financial year | 2,791 | 2,791 |
| Accumulated depreciation | | |
| Balance at beginning of financial year | 545 | 489 |
| Depreciation for the financial year | 56 | 56 |
| Balance at end of financial year | 601 | 545 |
| Carrying value | | |
| At end of financial year | 2,190 | 2,246 |

The following amounts are recognised in profit or loss:

| | Company | |
|--|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Rental income from investment properties | 149 | 149 |
| Direct operating expenses (including repairs and maintenance) arising from rental-generating investment properties | 24 | 20 |

The details of the Company's investment properties are as follows:

| Location | Description | Tenure |
|---|---------------------|---|
| 18 Boon Lay Way #04-108 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #04-110 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |
| 18 Boon Lay Way #04-111 TradeHub 21, Singapore 609966 | General office unit | 60 years leasehold from 10 December 2003 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Investment properties (Continued)

The Company leased out its investment properties to its subsidiaries, M.Tech Holdings Pte. Ltd. and M.Tech Products Pte Ltd, under cancellable operating leases. At Group level, these investment properties were accounted for as leasehold properties in Note 3 to the financial statements.

The fair value of the Company's investment properties as at 31 December 2024 was approximately \$2,674,000 (2023: \$2,792,000). The fair value was determined by the management using the Direct Sale Comparison approach by making reference to market evidence of transacted prices per square metre for comparable properties in similar locations. In estimating the fair value of the investment properties, the highest and best use of the properties has been considered. Management considered that the fair value of the investment properties was sensitive to these unobservable adjustments made for differences in size, tenure and type used to determine the price per square metre.

Any changes to the unobservable inputs, to the extent that they increase or decrease the price per square metre, will result in a corresponding increase or decrease in the fair values of the properties.

There has been no change in the valuation technique of investment properties as at the end of the financial year. The resulting fair values of leasehold properties were considered level 3 recurring fair value measurements.

Material accounting policy information

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the depreciable amounts over their estimated useful lives over the lease terms of 48 to 52 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of the financial year. The effects of any revision are included in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries

| | Company | |
|--------------------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Unquoted equity investments, at cost | 317 | 317 |
| Allowance for impairment losses | (317) | (317) |
| Carrying amount | - | - |

Movements in allowance for impairment losses are as follows:

| | Company | |
|--|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Balance at beginning and end of financial year | 317 | 317 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

| Name of company (Country of incorporation and principal place of business) | Proportion of ownership interest held | | Proportion of ownership interest held by non-controlling interests | | Principal activities |
|---|---|------|--|------|--|
| | 2024 | 2023 | 2024 | 2023 | |
| | % | % | % | % | |
| Held by the Company | | | | | |
| M.Tech Products Philippines, Inc. ^(a) (Philippines) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| M.Tech Holdings Pte. Ltd. ^(a) (Singapore) | 100 | 100 | - | - | Investment holding, distribution of hardware and software relating to internet and network products and the provision of management and administration of the business functions and affairs of its subsidiaries and related company |
| Held by M.Tech Holdings Pte. Ltd. | | | | | |
| M.Tech Products Pte Ltd ^(a) (Singapore) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| M-Solutions Technology (Thailand) Co., Ltd. ^{(d),(e)} (Thailand) | 49 | 49 | 51 | 51 | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

| Name of company (Country of incorporation and principal place of business) | Proportion of ownership interest held | | Proportion of ownership interest held by non-controlling interests | | Principal activities |
|---|---|------|--|------|--|
| | 2024 | 2023 | 2024 | 2023 | |
| | % | % | % | % | |
| Held by M.Tech Holdings Pte. Ltd. (Continued) | | | | | |
| M-Security Technology Sdn. Bhd. ^(b) (Malaysia) | 100 | 100 | - | - | Distribution of information technology products and related services |
| SecureOneAsia Pte. Ltd. ^(a) (Singapore) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, the provision of maintenance services for such products and provision of management services |
| M-Security Technology Indochina Pte. Ltd. ^(a) (Singapore) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| M.Tech (Shanghai) Co., Ltd. ^(c) (People's Republic of China) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| PT. M.Tech Products ^(f) (Indonesia) | 99 | 99 | 1 | 1 | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

| Name of company (Country of incorporation and principal place of business) | Proportion of ownership interest held | | Proportion of ownership interest held by non-controlling interests | | Principal activities |
|---|---|------|--|------|---|
| | 2024 | 2023 | 2024 | 2023 | |
| | % | % | % | % | |
| Held by M.Tech Holdings Pte. Ltd. (Continued) | | | | | |
| M.Tech Products (HK) Pte Limited ^(h) (Hong Kong) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| M.Tech Products TW Pte. Ltd. ^(a) (Singapore) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| M. Tech Products Aust Pty Limited ⁽ⁱ⁾ (Australia) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| SecureOne India Holding Pte. Ltd. ^(a) (Singapore) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

| Name of company (Country of incorporation and principal place of business) | Proportion of ownership interest held | | Proportion of ownership interest held by non-controlling interests | | Principal activities |
|---|---|-------|--|-------|--|
| | 2024 | 2023 | 2024 | 2023 | |
| | % | % | % | % | |
| Held by M.Tech Holdings Pte. Ltd. (Continued) | | | | | |
| M.Tech Products Japan Kabushiki Kaisha ⁽ⁱ⁾ (Japan) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products |
| M.Tech Products New Zealand Limited ⁽ⁱ⁾ (New Zealand) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products |
| M.Tech Products Korea Limited Liability Company ⁽ⁱ⁾ (South Korea) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products |
| M.Tech Products (UK) Pte Ltd (United Kingdom) | - | 100 | - | - | Distribution of hardware and software relating to internet and network products and provision of maintenance services for such products |
| E-Secure Asia Co., Ltd. (Thailand) | - | 48.80 | - | 51.20 | Distribution of IT products and maintenance services |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

| Name of company (Country of incorporation and principal place of business) | Proportion of ownership interest held | | Proportion of ownership interest held by non-controlling interests | | Principal activities |
|---|---|-------|--|------|--|
| | 2024 | 2023 | 2024 | 2023 | |
| | % | % | % | % | |
| Held by M.Tech Products Pte Ltd | | | | | |
| M.SaaS Solutions Pte. Ltd. ^(a) (Singapore) | 100 | 100 | - | - | Software consultancy and implementation services |
| Held by SecureOneAsia Pte. Ltd. | | | | | |
| M-Security Tech Philippines Inc. ^(g) (Philippines) | 100 | 100 | - | - | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| Held by SecureOne India Holding Pte. Ltd. | | | | | |
| M.Tech Solutions (India) Private Limited ^(f) (India) | 99.99 | 99.99 | 0.01 | 0.01 | Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products |
| Held by M-Security Technology Indochina Pte. Ltd. | | | | | |
| M-Security Technology Vietnam Company Limited ^(k) (Vietnam) | 100 | 100 | - | - | Provision of installation and related technical service of hardware and software relating to internet and network products and distribution of such products |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

| Name of company (Country of incorporation and principal place of business) | Proportion of ownership interest held | | Proportion of ownership interest held by non-controlling interests | | Principal activities |
|---|---|------|--|------|---|
| | 2024 | 2023 | 2024 | 2023 | |
| | % | % | % | % | |
| <i>Held by M.SaaS Solutions Pte. Ltd.</i> | | | | | |
| M.SaaS Lanka (Private) Limited ⁽ⁱ⁾ (Sri Lanka) | 100 | 100 | - | - | Provision of IT services, software license sales and hardware sales |

Notes:

- (a) Audited by BDO LLP, Singapore
- (b) Audited by BDO PLT, Malaysia, a member firm of BDO International Limited
- (c) Audited by Jiangsu Welsen Certified Public Accountants Co., Ltd., People's Republic of China
- (d) Audited by Dharmniti Auditing Co., Ltd, Thailand
- (e) Deemed to be a subsidiary as the Company has power, exposure to variable returns and the ability to use its power to affect those variable returns over the subsidiary.
- (f) Audited by KAP Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited
- (g) Audited by Bermudez and Associates, Philippines
- (h) Audited by Keith Lam & Co., Hong Kong
- (i) Audited by BDO Audit Pty Ltd, Australia, a member firm of BDO International Limited
- (j) Not required to be audited and not considered as significant subsidiaries as defined under Rule 718 of the SGX Listing Manual
- (k) Audited by Nexia Stt Vietnam Co., Ltd, Vietnam
- (l) Audited by MSKA & Associates Chartered Accountants, India, a member firm of BDO International Limited for the consolidation financial statements purpose

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

Liquidation of subsidiaries

During the financial year, the Company's wholly-owned indirect subsidiaries, M.Tech Products (UK) Pte Ltd ("M.Tech UK") incorporated in United Kingdom and E-Secure Asia Co., Ltd. ("E-Secure Thailand") incorporated in Thailand had been wound up under member's voluntary liquidation on 7 May 2024 and 25 October 2024 respectively. Accordingly, M.Tech UK and E-Secure Thailand ceased to be wholly-owned indirect subsidiaries of the Company. The cost of investment in M.Tech UK and E-Secure Thailand which amounted to \$2 and \$4,000 respectively, has been written off in current financial year upon liquidation of the subsidiaries.

Investments in Thailand subsidiaries

The Company's subsidiary, M.Tech Holdings Pte. Ltd., holds 49% of shareholdings in its indirect subsidiary, M-Solutions Technology (Thailand) Co., Ltd ("MTTH").

There are loan agreements between the remaining shareholders (the "Borrowers") holding 51% in MTTH and their immediate holding company (the "Lender"), M.Tech Holdings Pte. Ltd., whereby the shares held by the Borrowers have been pledged to the Lender.

The terms of these pledge agreements include, inter alia:

- (a) the Borrowers agree to allow the Lenders to receive the dividends arising from the pledged shares; and
- (b) the Borrowers agree to appoint the Lenders to have rights to vote in the shareholders' meetings in place of the Borrowers.

Accordingly, the Group has determined that it has control of 100% of the voting rights in MTTH and MTTH have been consolidated as wholly-owned subsidiary of the Group.

Significant restriction

Cash and bank balances of \$728,000 (2023: \$751,000), equivalent to RMB3,938,000 (2023: RMB4,068,000), held with subsidiaries in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Investments in subsidiaries (Continued)

Non-coterminous year-end

The financial statements of M.Tech Solutions (India) Private Limited are made up to 31 March each year. This was the financial reporting date established when the subsidiary was incorporated, and a change of reporting date is not permitted/made because of local regulations. For the purpose of consolidation, the financial statements of M.Tech Solutions (India) Private Limited for the year ended 31 March 2024 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and 31 December 2024.

Material accounting policy information

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same financial year as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

6. Club memberships

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cost | | | | |
| Balance at beginning of financial year | 1,094 | 1,107 | 374 | 374 |
| Currency translation adjustment | 22 | (13) | - | - |
| Balance at end of financial year | 1,116 | 1,094 | 374 | 374 |
| Accumulated amortisation | | | | |
| Balance at beginning of financial year | 104 | 97 | - | - |
| Amortisation for the financial year | 10 | 10 | - | - |
| Currency translation adjustment | 4 | (3) | - | - |
| Balance at end of financial year | 118 | 104 | - | - |
| Carrying value | | | | |
| Balance at end of financial year | 998 | 990 | 374 | 374 |

Club memberships comprise memberships for golf clubs in Singapore. Club memberships of subsidiaries with carrying amount of \$147,000 (2023: \$153,000) which are subject to amortisation over their useful lives have remaining amortisation periods of 16 (2023: 17) years.

As at 31 December 2024, the Group and the Company had club memberships held in trust by employees and Directors of the Group and the Company with carrying amount of \$998,000 and \$374,000 (2023: \$990,000 and \$374,000) respectively.

Material accounting policy information

For club membership with expiry date, amortisation is calculated using the straight-line method to allocate the cost over its estimated useful life of 28 years.

The amortisation periods and amortisation method of club memberships are reviewed at the end of each financial year. The effects of any revisions are recognised in profit or loss when changes arise.

For club memberships with no expiry dates, the carrying amounts of club membership are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. Right-of-use assets

| | Properties \$'000 | Office equipment \$'000 | Total \$'000 |
|-------------------------------------|----------------------|-------------------------------|-----------------|
| Group | | | |
| Cost | | | |
| Balance at 1 January 2024 | 4,072 | 50 | 4,122 |
| Additions | 1,279 | - | 1,279 |
| Written-off | (927) | - | (927) |
| Modification to lease terms | (29) | - | (29) |
| Currency translation adjustment | 55 | 1 | 56 |
| Balance at 31 December 2024 | 4,450 | 51 | 4,501 |
| Accumulated depreciation | | | |
| Balance at 1 January 2024 | 2,335 | 19 | 2,354 |
| Depreciation for the financial year | 989 | 10 | 999 |
| Written-off | (927) | - | (927) |
| Modification to lease terms | (16) | - | (16) |
| Currency translation adjustment | 24 | 1 | 25 |
| Balance at 31 December 2024 | 2,405 | 30 | 2,435 |
| Carrying amount | | | |
| Balance at 31 December 2024 | 2,045 | 21 | 2,066 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. **Right-of-use assets** (Continued)

| | Properties \$'000 | Office equipment \$'000 | Total \$'000 |
|-------------------------------------|----------------------|-------------------------------|-----------------|
| Group | | | |
| Cost | | | |
| Balance at 1 January 2023 | 4,516 | 39 | 4,555 |
| Additions | 1,604 | 13 | 1,617 |
| Written-off | (933) | - | (933) |
| Modification to lease terms | (1,022) | - | (1,022) |
| Currency translation adjustment | (93) | (2) | (95) |
| Balance at 31 December 2023 | 4,072 | 50 | 4,122 |
| Accumulated depreciation | | | |
| Balance at 1 January 2023 | 2,858 | 9 | 2,867 |
| Depreciation for the financial year | 1,077 | 10 | 1,087 |
| Written-off | (933) | - | (933) |
| Modification to lease terms | (614) | - | (614) |
| Currency translation adjustment | (53) | - | (53) |
| Balance at 31 December 2023 | 2,335 | 19 | 2,354 |
| Carrying amount | | | |
| Balance at 31 December 2023 | 1,737 | 31 | 1,768 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. Right-of-use assets (Continued)

| | Properties \$'000 |
|---|----------------------|
| Company | |
| Cost | |
| Balance at 1 January 2024 and 31 December 2024 | 164 |
| Accumulated depreciation | |
| Balance at 1 January 2024 | 22 |
| Depreciation for the financial year | 53 |
| Balance at 31 December 2024 | 75 |
| Carrying amount | |
| Balance at 31 December 2024 | 89 |
| Cost | |
| Balance at 1 January 2023 | 146 |
| Additions | 112 |
| Written-off | (94) |
| Balance at 31 December 2023 | 164 |
| Accumulated depreciation | |
| Balance at 1 January 2023 | 65 |
| Depreciation for the financial year | 51 |
| Written-off | (94) |
| Balance at 31 December 2023 | 22 |
| Carrying amount | |
| Balance at 31 December 2023 | 142 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. **Right-of-use assets** (Continued)

The right-of-use assets are depreciated over the lease term as follows:

| | Years |
|------------------|--------|
| Properties | 2 to 8 |
| Office equipment | 5 |

8. **Deferred tax assets/(liabilities)**

| | Group | | Company | |
|--------------------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Deferred tax assets | 6,504 | 5,974 | - | - |
| Deferred tax liabilities | (1,242) | (1,423) | - | (7) |

Movements in deferred tax assets are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Balance at beginning of financial year | 5,974 | 5,556 | - | - |
| Credit to profit or loss | 353 | 599 | - | - |
| Currency translation adjustment | 177 | (181) | - | - |
| Balance at end of financial year | 6,504 | 5,974 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. Deferred tax assets/(liabilities) (Continued)

Movements in deferred tax liabilities are as follows:

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at beginning of financial year | (1,423) | (1,114) | (7) | - |
| Charge to profit or loss | 181 | (309) | 7 | (7) |
| Balance at end of financial year | (1,242) | (1,423) | - | (7) |

The following are the major deferred tax assets recognised by the Group and the movements during the financial year.

| | Provisions | Unutilised tax losses | Other temporary differences | Total |
|-----------------------------------|------------|-----------------------|-----------------------------|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | |
| At 1 January 2024 | 5,848 | 77 | 49 | 5,974 |
| (Charge)/credit to profit or loss | (106) | 182 | 277 | 353 |
| Currency translation adjustment | 200 | (2) | (21) | 177 |
| At 31 December 2024 | 5,942 | 257 | 305 | 6,504 |
| At 1 January 2023 | 5,018 | 225 | 313 | 5,556 |
| Credit/(charge) to profit or loss | 995 | (145) | (251) | 599 |
| Currency translation adjustment | (165) | (3) | (13) | (181) |
| At 31 December 2023 | 5,848 | 77 | 49 | 5,974 |

Deferred tax assets are recognised for provisions, unutilised tax losses and deductible temporary differences to the extent that realisation of the related tax benefits through future taxable profits is probable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. Deferred tax assets/(liabilities) (Continued)

The following are the major deferred tax liabilities recognised by the Group and the movements during the financial year.

| | Other temporary differences \$'000 | Total \$'000 |
|--------------------------|---|-----------------|
| Group | | |
| At 1 January 2024 | (1,423) | (1,423) |
| Charge to profit or loss | 181 | 181 |
| At 31 December 2024 | (1,242) | (1,242) |
| At 1 January 2023 | (1,114) | (1,114) |
| Charge to profit or loss | (309) | (309) |
| At 31 December 2023 | (1,423) | (1,423) |

At the end of the financial year, the aggregate amount of other temporary differences mainly associated with undistributed earnings of subsidiaries for which deferred tax liabilities have been recognised.

9. Financial asset, at FVOCI

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Balance at beginning of financial year | 7 | 179 | - | - |
| Fair value recognised in OCI (Note 21) | (7) | (168) | - | - |
| Currency translation adjustment | - | (4) | - | - |
| Balance at end of financial year | - | 7 | - | - |

Details of the instruments are as follows:

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Quoted equity instruments | - | 7 | - | - |
| Unquoted equity instruments | - | - | - | - |
| | - | 7 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Financial asset, at FVOCI (Continued)

The fair value of the Company's unquoted equity instruments was \$Nil at the end of the financial year.

The currency of the Group's investments in quoted equity instruments as at 31 December 2024 and 31 December 2023 is denominated in Australian dollar.

Material accounting policy information

The Group and the Company have strategic investments in listed and unlisted entities respectively which are not accounted for as subsidiary, associate or jointly controlled entity. For those equity investment, the Group and the Company have made an irrevocable election to classify the investment at fair value through other comprehensive income ("FVOCI") rather than through profit or loss ("FVPL") as the Group and the Company consider this measurement to be the most representative of the business model for these assets. It is carried at fair value with changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the fair value through other comprehensive income reserve.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

10. Financial asset at fair value

| | 2024 \$'000 | 2023 \$'000 |
|---|----------------|----------------|
| Group and Company | | |
| Investment in life insurance plan, at FVPL | 5,107 | 4,813 |
| Group | | |
| Derivative financial instruments, non-current | 38 | - |
| Derivative financial instruments, current | 36 | - |
| | 74 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Financial asset at fair value (Continued)

Investment in life insurance plan, at FVPL

Movements in the investment in life insurance plan was as follows:

| | Group and Company | |
|--|-------------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Balance at beginning of financial year | 4,813 | 4,749 |
| Fair value change recognised in profit or loss | 147 | 150 |
| Exchange differences charged to profit or loss | 147 | (86) |
| Balance at end of financial year | 5,107 | 4,813 |

Material accounting policy information

Debt instrument that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in “other income”. The investment in life insurance plan pertains to the Jade Ultra Global Generations Universal Life Insurance Policy (the “Policy”) purchased by the Company for a Director with a sum insured of US\$8,500,000 with a guaranteed return of 4.2% per annum with the 1 year lock-in period, after which, a variable return will be received, as determined by the insurer. On initial recognition, the single premium paid on the Policy amounted to US\$703,000, equivalent to approximately \$922,000 (Note 12). The investment is measured at fair value and changes therein are recognised in profit or loss.

Derivative financial instruments

The Group uses forward currency contracts to manage some of its foreign currency transaction exposure. These contracts were not designated as cash flow or fair value hedges and were entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives did not qualify for hedge accounting.

The following details the foreign currency forward contracts outstanding as at financial year end:

| | Group |
|------------------------------------|--------|
| | 2024 |
| | \$'000 |
| Foreign currency forward contracts | |
| Contract/Notional amount | |
| - United States dollar | 991 |
| Fair value | 74 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Trade and other receivables

| | Group | | Company | |
|---|----------------|---------|---------------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | |
| Trade receivables – third parties | 28,647 | 17,533 | - | - |
| Loss allowance on third party trade receivables | (1,079) | - | - | - |
| | 27,568 | 17,533 | | |
| Current assets | | | | |
| Trade receivables – third parties | 176,744 | 165,164 | 453 | 445 |
| Loss allowance on third party trade receivables | (4,408) | (4,646) | (3) | (5) |
| | 172,336 | 160,518 | 450 | 440 |
| Non-trade receivables | | | | |
| - third parties | 5,964 | 8,116 | 17 | 151 |
| - a subsidiary | - | - | 36,923 | 22,889 |
| | 178,300 | 168,634 | 37,390 | 23,480 |
| Deposits | 420 | 539 | 15 | 15 |
| Value added tax | 3,117 | 2,976 | - | - |
| Total current trade and other receivables | 181,837 | 172,149 | 37,405 | 23,495 |
| Total trade and other receivables | 209,405 | 189,682 | 37,405 | 23,495 |

Non-current trade receivables due from third parties are unsecured, non-interest bearing and expected to be settled within 2 to 5 years (2023: 2 to 5 years). The fair value of non-current trade receivables is computed based on cash flows discounted at market borrowing rates ranging from 1.20% to 15.40% (2023: 1.20% to 15.40%) and approximates the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Trade and other receivables (Continued)

Current trade receivables due from third parties are unsecured, non-interest bearing and generally on 30 to 120 (2023: 30 to 120) days credit terms.

The amount due from a subsidiary is unsecured, repayable on demand and bears interest rate of 5.2% (2023: 5.2%) per annum.

The Group and the Company recognise a trade receivable in their statement of financial position from the provision of goods and services to customers. The trade receivables are initially recognised at fair value and are subsequently carried at amortised cost using effective interest rate method, less provision for impairment. Interest income from these trade receivables is included in interest income using the effective interest rate method.

Significant accounting estimates and assumptions

Loss allowance for impairment of trade and other receivables

Trade receivables from third parties

As at 31 December 2024, the carrying amount of the Group’s trade receivables comprise of current and non-current trade receivables from third parties amounting to \$199,904,000 (2023: \$178,051,000), net of loss allowance of \$5,487,000 (2023: \$4,646,000). The recoverability of trade receivables from third parties is a key element of the Group’s working capital management, which is managed on an ongoing basis by the Group’s management.

The Group first assessed for credit impaired trade receivables from third parties that are aged more than 5 months per the Group policy. Thereafter, the management applied the “simplified approach” for assessing ECL for trade receivables from third parties. Under the simplified approach, the Group’s management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions in each geographical region, including their respective credit rating. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off in profit or loss.

The Group’s exposure to loss allowance for impairment of trade receivables are mainly customers operating in Australia, Singapore, Greater China, India and rest of Southeast Asia. The following table details the Group’s loss allowance sensitivity analysis of those regions. If the ECL rate had been either (higher)/lower than management’s estimates, the Group would have recognised (higher)/lower loss allowance for impairment in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Trade and other receivables (Continued)

Significant accounting estimates and assumptions (Continued)

Loss allowance for impairment of trade and other receivables (Continued)

Trade receivables from third parties (Continued)

| | Group | |
|--|---------|---------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| <i>Australia</i> | | |
| ECL rate increase by 4.6% (2023: 2.5%) | (442) | (372) |
| ECL rate decrease by 4.6% (2023: 2.5%) | 442 | 372 |
| <i>Singapore</i> | | |
| ECL rate increase by 1.2% (2023: 1.6%) | (1,215) | (1,430) |
| ECL rate decrease by 1.2% (2023: 1.6%) | 1,215 | 1,430 |
| <i>Greater China</i> | | |
| ECL rate increase by 2.4% (2023: 2.4%) | (310) | (207) |
| ECL rate decrease by 2.4% (2023: 2.4%) | 310 | 207 |
| <i>India</i> | | |
| ECL rate increase by 8.3% (2023: 5.6%) | (2,411) | (692) |
| ECL rate decrease by 8.3% (2023: 5.6%) | 2,411 | 692 |
| <i>Rest of Southeast Asia</i> | | |
| ECL rate increase by 1.5% (2023: 1.5%) | (562) | (742) |
| ECL rate decrease by 1.5% (2023: 1.5%) | 562 | 742 |

Non-trade receivables due from a subsidiary

Management determines whether there is significant increase in credit risk of the amount of non-trade receivables due from the subsidiary since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of the subsidiary. There is no significant increase in credit risk as at 31 December 2024. The carrying amount of the non-trade receivable due from subsidiary was \$36,923,000 (2023: \$22,889,000) as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Trade and other receivables (Continued)

Significant accounting estimates and assumptions (Continued)

Loss allowance for impairment of trade and other receivables (Continued)

Movements in loss allowance on third party trade receivables were as follows:

| | Group | |
|---|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Balance at beginning of financial year | 4,646 | 5,160 |
| Loss allowance made during the financial year | | |
| - made for lifetime expected credit loss, not credit impaired | 1,053 | 1,078 |
| - reversed for lifetime expected credit loss, credit impaired | (208) | (722) |
| Receivable written off as uncollectible | (52) | (800) |
| Currency translation adjustment | 48 | (70) |
| Balance at end of financial year | 5,487 | 4,646 |

As at 31 December 2024, trade receivables of \$564,000 (2023: \$817,000) had been fully impaired. These receivables were due from customers located in various geographical areas and the debts were past due more than 5 months. Therefore, there was significant uncertainty over the recoverability of the debts.

During the financial year, previously impaired receivables written off as uncollectible amounted to \$52,000 (2023: \$800,000). Trade receivables are written off when there is no reasonable expectation of recovery such as debtor is under financial difficulties. When receivables are written off, the Group continues to engage in enforcement activity in order to recover the receivables due. If the receivables are subsequently recovered, such recovery is recognised in profit or loss as "other income".

During the financial year, trade receivables of \$53,000 (2023: \$77,000) were written off as bad debts and charged to profit or loss as there was no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Trade and other receivables (Continued)

The currency profiles of the Group's and the Company's trade and other receivables were as follows:

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Singapore dollar | 14,909 | 5,498 | 14,269 | 6,842 |
| United States dollar | 140,390 | 125,212 | 23,136 | 16,653 |
| Chinese renminbi | 3,523 | 3,583 | - | - |
| Thailand baht | 4,573 | 7,359 | - | - |
| Indian rupee | 13,729 | 9,159 | - | - |
| Ringgit Malaysia | 12,790 | 12,570 | - | - |
| New Taiwan dollar | 1,984 | 2,169 | - | - |
| Australian dollar | 5,512 | 10,603 | - | - |
| Indonesian rupiah | 5,121 | 8,222 | - | - |
| Philippine peso | 1,357 | 2,019 | - | - |
| Vietnamese dong | 5,385 | 2,699 | - | - |
| Others | 132 | 589 | - | - |
| | 209,405 | 189,682 | 37,405 | 23,495 |

12. Prepayments

| | Group | | Company | |
|-------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Non-current | 624 | 1,094 | 4 | 55 |
| Current | 1,556 | 1,490 | 85 | 115 |
| | 2,180 | 2,584 | 89 | 170 |

As at 31 December 2024, the Group's and the Company's prepayment of \$624,000 and \$4,000 (2023: \$1,045,000 and \$6,000) classified as non-current assets represented prepaid license fee. As at 31 December 2023, the remaining of \$49,000 represented non-current prepaid insurance premium in relation to the life insurance plan purchased for a Director of the Company (Note 10).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Inventories

| | Group | | Company | |
|---------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Trading goods | 75,867 | 86,847 | 150 | 335 |

Cost in respect of chemicals and other PCB related products is determined on a weighted average basis. Cost in respect of IT products is determined based on the specific identification basis. The cost includes all costs of purchase and other costs in bringing the inventories to their present location and condition.

The cost of inventories recognised as an expense are included in “cost of sales” line item in profit or loss (Note 26).

Significant accounting estimates and assumptions

Inventories are stated at the lower of cost and net realisable value. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group and the Company to reduce the value of their inventories.

During the financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off have been included in “cost of sales” line item in profit or loss (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14. Cash and bank balances

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Bank balances | 43,596 | 38,771 | 1,600 | 4,110 |
| Fixed deposits | 40,184 | 34,236 | 11,229 | 23,447 |
| Cash and bank balances | 83,780 | 73,007 | 12,829 | 27,557 |
| Fixed deposits with maturity >3 months | 40 | 40 | | |
| | 83,820 | 73,047 | | |
| Fixed deposits pledged with banks | (49) | (48) | | |
| Cash and cash equivalents as per consolidated statement of cash flows | 83,771 | 72,999 | | |

Fixed deposits placed has a tenure ranged from seven days to one year. The effective interest rates on the fixed deposits range from 0.10% to 4.53% (2023: 0.01% to 6.50%) per annum.

As at 31 December 2024, the fixed deposits of the Group amounting to \$49,000 (2023: \$48,000) were pledged to banks as security for certain banking facilities in foreign operations.

The currency profiles of the Group's and the Company's cash and bank balances were as follows:

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Singapore dollar | 9,837 | 13,585 | 1,091 | 9,653 |
| United States dollar | 55,060 | 44,926 | 11,719 | 17,867 |
| Chinese renminbi | 642 | 682 | - | - |
| Ringgit Malaysia | 4,535 | 1,147 | - | - |
| New Taiwan dollar | 590 | 279 | - | - |
| Thailand baht | 3,249 | 2,261 | - | - |
| Indian rupee | 4,692 | 2,445 | - | - |
| Australian dollar | 1,844 | 2,444 | - | - |
| Indonesian rupiah | 814 | 1,811 | - | - |
| Philippine peso | 832 | 1,896 | - | - |
| Vietnamese dong | 1,124 | 975 | - | - |
| Others | 601 | 596 | 19 | 37 |
| | 83,820 | 73,047 | 12,829 | 27,557 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. Trade and other payables

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current payables | | | | |
| Trade payables – third parties | 22,687 | 9,524 | - | - |
| Current payables | | | | |
| Trade payables | | | | |
| - third parties | 141,098 | 138,429 | 44 | 49 |
| Non-trade payables | | | | |
| - third parties | 4,626 | 1,906 | 15 | 16 |
| Provision for post-sales technical support | 25,161 | 25,107 | - | - |
| Accrued operating expenses | 14,328 | 14,403 | 7,762 | 7,235 |
| Value added tax | 2,305 | 2,399 | 82 | 73 |
| Total current trade and other payables | 187,518 | 182,244 | 7,903 | 7,373 |
| Total trade and other payables | 210,205 | 191,768 | 7,903 | 7,373 |

Trade and other payables

Trade and other payables, excluding value added tax, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Trade and non-trade payables are unsecured, non-interest bearing and are generally on 30 to 90 (2023: 30 to 90) days credit terms except for non-current trade payables which will be repayable within 2 to 5 years (2023: 2 to 4 years). The fair value of the non-current trade payables is computed based on cash flows discounted at market borrowing rates ranging from 1.20% to 15.40% (2023: 1.20% to 15.40%) and approximates the carrying amount.

Provision for post-sales technical support

Provisions are recognised when the Group has a constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. Trade and other payables (Continued)

Provision for post-sales technical support (Continued)

Movements in provision for post-sales technical support were as follows:

| | Group | |
|--|----------|----------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Balance at beginning of financial year | 25,107 | 18,336 |
| Provisions made | 33,796 | 35,733 |
| Provisions utilised | (34,485) | (26,807) |
| Provisions written off | - | (1,536) |
| Currency translation adjustment | 743 | (619) |
| Balance at end of financial year | 25,161 | 25,107 |

Significant accounting estimates and assumptions

The provision for post-sales technical support represents management's best estimate of the present value of the future economic outflows that will be required for the IT products sold. Provision for post-sales technical support is based on the volumes of IT products sold along with the utilisation trend for the past three financial years to establish an estimate of the costs to resolve various potential post-sales technical support requests from customers. Changes in the utilisation rate could consequently impact the Group's results and financial position.

If the utilisation rate had been 0.5% (2023: 0.5%) higher than management's estimates, the Group would have recognised an additional provision for post-sales technical support of \$172,000 (2023: \$134,000) in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. Trade and other payables (Continued)

The currency profiles of the Group's and the Company's trade and other payables were as follows:

| | Group | | Company | |
|----------------------|----------------|----------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Singapore dollar | 12,803 | 13,030 | 7,860 | 7,324 |
| United States dollar | 170,435 | 150,136 | 38 | 43 |
| Chinese renminbi | 2,440 | 2,017 | - | - |
| Ringgit Malaysia | 6,483 | 4,715 | - | - |
| Thailand baht | 2,765 | 2,133 | - | - |
| Australian dollar | 3,549 | 9,792 | - | - |
| New Taiwan dollar | 1,060 | 837 | - | - |
| Indonesian rupiah | 1,877 | 1,925 | - | - |
| Indian rupee | 6,482 | 5,022 | - | - |
| Philippine peso | 463 | 421 | - | - |
| Vietnamese dong | 1,626 | 1,313 | - | - |
| Others | 222 | 427 | 5 | 6 |
| | 210,205 | 191,768 | 7,903 | 7,373 |

16. Lease liabilities

| | Properties | Office equipment | Total |
|---------------------------------|--------------|------------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| Group | | | |
| Balance at 1 January 2024 | 1,877 | 31 | 1,908 |
| Additions | 1,257 | - | 1,257 |
| Modification to lease terms | (13) | - | (13) |
| Interest expense | 172 | 1 | 173 |
| Lease payments | | | |
| - Principal portion | (957) | (10) | (967) |
| - Interest portion | (172) | (1) | (173) |
| Currency translation adjustment | 3 | 1 | 4 |
| Balance at 31 December 2024 | 2,167 | 22 | 2,189 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16. Lease liabilities (Continued)

| | Properties \$'000 | Office equipment \$'000 | Total \$'000 |
|---------------------------------|----------------------|-------------------------------|-----------------|
| Group | | | |
| Balance at 1 January 2023 | 1,971 | 29 | 2,000 |
| Additions | 1,605 | 12 | 1,617 |
| Modification to lease terms | (700) | - | (700) |
| Interest expense | 166 | 1 | 167 |
| Lease payments | | | |
| - Principal portion | (972) | (10) | (982) |
| - Interest portion | (166) | (1) | (167) |
| Currency translation adjustment | (27) | - | (27) |
| Balance at 31 December 2023 | 1,877 | 31 | 1,908 |
| Company | | | |
| Balance at 1 January 2024 | 147 | - | 147 |
| Interest expense | 7 | - | 7 |
| Lease payments | | | |
| - Principal portion | (47) | - | (47) |
| - Interest portion | (7) | - | (7) |
| Balance at 31 December 2024 | 100 | - | 100 |
| Balance at 1 January 2023 | 82 | - | 82 |
| Additions | 112 | - | 112 |
| Interest expense | 4 | - | 4 |
| Lease payments | | | |
| - Principal portion | (47) | - | (47) |
| - Interest portion | (4) | - | (4) |
| Balance at 31 December 2023 | 147 | - | 147 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group and the Company were as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Contractual undiscounted cash flows | | | | |
| - Within one year | 921 | 915 | 62 | 54 |
| - After one year but within five years | 1,535 | 1,293 | 42 | 104 |
| | 2,456 | 2,208 | 104 | 158 |
| Less: Future interest expense | (267) | (300) | (4) | (11) |
| Present value of lease liabilities | 2,189 | 1,908 | 100 | 147 |
| Presented in statements of financial position | | | | |
| - Current | 787 | 786 | 59 | 48 |
| - Non-current | 1,402 | 1,122 | 41 | 99 |
| | 2,189 | 1,908 | 100 | 147 |

The Group and the Company lease a number of properties (i.e. offices) and the Group leases office equipment (i.e. copier machines and motor vehicles) with fixed payments over the lease term.

Certain office equipment of the Group is qualified for low value assets and the Group also leases certain properties on the short-term basis (i.e. 12 months or less). The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis.

The total cash outflows for all leases including low value and short-term leases for the Group and the Company were \$1,281,000 and \$54,000 (2023: \$1,244,000 and \$51,000) respectively.

Certain leases of the Group are secured over the right-of-use assets. The right-of-use office equipment with a carrying amount of \$21,000 (2023: \$31,000) are secured over the lease liabilities of \$22,000 (2023: \$31,000). These assets will be seized and returned to lessor in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

16. Lease liabilities (Continued)

As at 31 December 2024, the Group has an aggregate undiscounted short-term lease commitment of \$38,000 (2023: \$71,000).

As at 31 December 2024, the average incremental borrowing rate applied in the lease liabilities measurement was 6.38% (2023: 6.37%).

The currency profiles of the Group's and the Company's lease liabilities were as follows:

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Singapore dollar | 121 | 179 | 100 | 147 |
| United States dollar | 93 | 47 | - | - |
| Chinese renminbi | 186 | 173 | - | - |
| Ringgit Malaysia | 264 | 60 | - | - |
| New Taiwan dollar | 237 | - | - | - |
| Thailand baht | 252 | 38 | - | - |
| Indonesian rupiah | 193 | 285 | - | - |
| Indian rupee | 762 | 900 | - | - |
| Philippine peso | - | 50 | - | - |
| Others | 81 | 176 | - | - |
| | 2,189 | 1,908 | 100 | 147 |

17. Bank borrowings

| | Group | |
|----------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Current liabilities | | |
| Term loan I | - | 417 |
| Short-term loan | - | 369 |
| | - | 786 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

17. Bank borrowings (Continued)

The average effective interest rates per annum of the bank borrowings were as follows:

| | Group | |
|-----------------|-------|------|
| | 2024 | 2023 |
| | % | % |
| Term loan I | - | 2.02 |
| Short-term loan | - | 3.97 |

Term loan I from a financial institution under Enterprise Financing Scheme is repayable over 24 months commencing from July 2022 and secured by corporate guarantees provided by the Company as disclosed in Note 30.2. The interest rate is fixed at 2% per annum.

Short-term loan from a financial institution is secured by corporate guarantees provided by the Company as disclosed in Note 30.2. The interest rate is fixed ranging from 3.85% to 4.00% per annum. The short-term loan has been fully repaid during the financial year ended 31 December 2024.

As at the end of the financial year, the Group and the Company have banking facilities were as follows:

| | Group | | Company | |
|-----------------------------|---------|---------|---------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Banking facilities granted | 144,357 | 143,120 | 77,500 | 77,500 |
| Banking facilities utilised | - | 2,369 | - | - |

The currency profiles of the Group's bank borrowings were as follows:

| | Group | |
|------------------|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Singapore dollar | - | 417 |
| Chinese renminbi | - | 369 |
| | - | 786 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18. Provision for post-employee benefits

The Group recognises provision for post-employment benefits for all its permanent employees in Indonesia in accordance with Indonesian Labour Law No. 13/2003. The program is not funded by the Group. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method".

| | Group | |
|---|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Provision for employee service entitlement benefits | | |
| - Post-employment benefit program ("Plan A") | 703 | 606 |
| - Other long-term employee benefit program ("Plan B") | 35 | 31 |
| | 738 | 637 |

| | Group | |
|---|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Present value of provision for post-employee benefits | 737 | 656 |
| Currency alignment | 1 | (19) |
| Net benefit liability | 738 | 637 |

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial year reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18. Provision for post-employee benefits (Continued)

The amounts recognised in profit or loss in respect of these employee benefits were as follows:

| | Group | |
|------------------------------|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Current services costs | 105 | 110 |
| Interest costs | 41 | 40 |
| Actuarial gain | 1 | (1) |
| Foreign exchange rate effect | 1 | (1) |
| | 148 | 148 |

Changes in the present value of the provision for post-employee benefits were as follows:

| | Group | |
|---|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Balance at beginning of financial year | 637 | 554 |
| Charge to profit or loss | 148 | 148 |
| Net remeasurements of post-employee benefits recognised in other comprehensive income | (34) | (27) |
| Repayment made during the financial year | (14) | (19) |
| Currency realignment | 1 | (19) |
| Balance at end of financial year | 738 | 637 |

Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18. Provision for post-employee benefits (Continued)

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate as disclosed in Note 18 to the financial statements to the net defined benefit liability or assets. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The cost of providing for employee benefits is calculated by independent actuaries. The actuarial valuations were carried out using the following key assumptions:

| | Group | |
|---------------------------|----------|----------|
| | 2024 | 2023 |
| Financial assumptions: | | |
| Annual discount rate | | |
| - Plan A | 7.25% | 6.75% |
| - Plan B | 4.70% | 4.15% |
| Annual salary growth rate | 10% | 10% |
| Demographic assumptions: | | |
| Retirement age | 56 years | 56 years |

The weighted average duration of the post-employee benefits at the end of the financial year is 14.86 years (2023: 17.73 years).

Significant actuarial assumptions for the determination of the defined obligation are annual discount rate and annual salary growth. No sensitivity analysis is disclosed as the effect of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, will not have a significant effect on the defined obligation valuations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

19. Share capital

| | Group and Company | | | |
|--|---------------------------|--------|--------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | Number of ordinary shares | | | |
| | '000 | '000 | \$'000 | \$'000 |
| Issued and fully-paid | | | | |
| Balance at beginning and end of financial year | 90,095 | 90,095 | 37,288 | 37,288 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

20. Foreign currency translation account

Foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

21. Other reserves

| | Group | |
|---|---------|---------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Premium on acquisition of non-controlling interests | (1,043) | (1,043) |
| Fair value reserve | (439) | (432) |
| China statutory reserve | 289 | 289 |
| Thailand statutory reserve | 41 | 41 |
| | (1,152) | (1,145) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

21. Other reserves (Continued)

Premium on acquisition of non-controlling interests

Premium on acquisition of non-controlling interests is the effect of transactions with non-controlling interests if there are no changes in control and the transactions will no longer result in goodwill or gains or losses.

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets measured at FVOCI until they are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to retained earnings.

China statutory reserve

According to the relevant regulations in the People's Republic of China ("PRC") and the Articles of Association of the PRC subsidiaries, they are required to transfer 10% of their profit after income tax to the statutory reserve until the reserve balance reaches 50% of their registered capital. The transfer of this reserve must be made before the distribution of dividends to shareholders. Statutory reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of owners, provided that the balance after conversion is not less than 25% of the registered capital.

Thailand statutory reserve

Under the provisions of the Civil and Commercial Code of Thailand, the subsidiary in Thailand is required to set aside as legal reserve at least 5% of its profit at each dividend declaration until the reserve reaches 10% of authorised capital. The reserve is not available for dividend distribution. The subsidiary in Thailand had already appropriated retained earnings as legal reserve amounting to Thailand baht 1,000,000 (or \$41,000) equivalent to 10% of the authorised capital.

The movements of the other reserves of the Group are presented in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

22. Retained earnings

Movements of retained earnings of the Company were as follows:

| | Company | |
|---|----------|----------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Balance at beginning of financial year | 14,906 | 14,296 |
| Total comprehensive income for the financial year | 22,087 | 18,539 |
| Dividends (Note 29) | (23,965) | (17,929) |
| Balance at end of financial year | 13,028 | 14,906 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table:

| | At a point time | | Group Over time | | Total | |
|--|-----------------|----------------|--------------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| IT business | | | | | | |
| - Distribution of IT products | 666,645 | 642,724 | - | - | 666,645 | 642,724 |
| - In-house maintenance services | - | - | 9,584 | 9,207 | 9,584 | 9,207 |
| - Professional services | 5,562 | 4,529 | - | - | 5,562 | 4,529 |
| - Training services | 183 | 161 | - | - | 183 | 161 |
| PCB business | | | | | | |
| - PCB services | 885 | 864 | - | - | 885 | 864 |
| - Distribution of PCB related products | 564 | 460 | - | - | 564 | 460 |
| | 673,839 | 648,738 | 9,584 | 9,207 | 683,423 | 657,945 |
| Rental | | | | | | |
| IT | | | | | 90 | 8 |
| PCB | | | | | 171 | 468 |
| | | | | | 683,684 | 658,421 |

Material accounting policy information

IT business

The Group's IT business involves mainly distribution of hardware, software, vendor maintenance and vendor professional services relating to internet and network products ("IT products"). These products provide the Group's customers with security and network performance requirements – from cloud access security, advanced threat prevention and data-centric security to network system management, monitoring and optimisation.

The Group also employs a regional team of certified pre and post sales engineers to support the technical needs such as maintenance ("in-house maintenance services") of the products that IT business distributes. In-house maintenance services can be subscribed by the Group's customers for period ranging from twelve to eighty-four months. The Group's engineers deliver their in-house maintenance service either remotely via tele-conferencing, remote access via network connections or on-site service support.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Revenue (Continued)

Disaggregation of revenue (Continued)

IT business (Continued)

The Group's revenue from IT business professional services is derived from the following areas:

- IT consultancy, solution design, scoping implementation, technical refresh for end-of-support equipment;
- On-site deployment, implementation and migration;
- Software/firmware upgrade; and
- Ad-hoc services for emergency needs and requirements.

i) Distribution of IT products

Revenue is recognised at point in time when control of the products has been transferred, being when the goods are delivered to the customers, the customers have full discretion to direct the use of the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the risk of obsolescence and loss have been transferred, and being acknowledged by customers for in-country sales. Whereas, for oversea sales, acknowledgement is in accordance with the shipping incoterms. Revenue is shown net of value-added tax, rebates, and discounts after eliminating sales within the Group.

The products sold to certain customers are subject to volume rebates based on aggregate sales over a specific period. Revenue from these sales is recognised based on the price specified in the contract, net of estimated volume rebate. Accumulated experience is applied to estimate and provide for the volume rebate, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The balances are included in contract liabilities as 'rebate to customers' as disclosed below.

There is also an element of significant financing component in the Group's revenue transactions as customers as disclosed in Note 11 to the financial statements. Other than financing given to customers, the Group will bill the customers in advance when the customers is new to the Group or has exceeded their credit limits. These balances are presented as 'deposits received' within contract liabilities as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Revenue (Continued)

Disaggregation of revenue (Continued)

IT business (Continued)

i) Distribution of IT products (Continued)

Included in certain contracts with customers, there are IT products with zero sales value being bundled together, hence management allocates the transaction price to all items included in the contracts based on expected cost-plus margin approach. When the value of goods delivered to customer exceeds the invoiced amount, a contract asset is recognised. When the invoiced amount exceeds the value of goods delivered, 'advance billings' are recognised and presented within contract liabilities as disclosed below.

Deferred revenue represents unrecognised revenue from maintenance contracts expiring in future financial periods and presented within contract liabilities as disclosed below.

The Group offers volume rebates to certain distribution contracts in IT business and presented within contract liabilities. Revenue is presented net of rebates accrued.

All products sold by the Group includes standard warranty which are the responsibility of the Group's suppliers who owns the intellectual property rights of the products distributed. However, the Group has the obligation through its business practice to provide post-sales technical support with the expertise and oversight by the Group's suppliers to ensure the IT products will function as intended and comply with the agreed-upon specifications by the customers. The provision for post-sales technical support is disclosed in Note 15 to the financial statements.

ii) In-house maintenance services

Revenue is recognised over time on a straight-line basis over the term of the in-house maintenance service level agreement.

iii) Professional services

Revenue is recognised at a point in time when the customer has accepted or acknowledged on the services performed.

iv) Rental services

Revenue is recognised over time on a straight-line basis over the term of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Revenue (Continued)

Disaggregation of revenue (Continued)

IT business (Continued)

v) Training services

Revenue is recognised at a point in time upon the completion of the training programme.

PCB business

The Group’s PCB business operates as a value-added supplier to PCB fabricators. The PCB business is in two main areas:

- provision of PCB related services to PCB fabricators; and
- distribution of other PCB related products and rental of machines to PCB fabricators.

i) PCB related services

Revenue from rendering of PCB related services is recognised at point in time upon the completion of services. Customers are invoiced upon the completion of services.

ii) Distribution of PCB related products

Revenue is recognised at point in time when control of the products has been transferred, being when the goods are delivered to the customers, and there is no unfulfilled obligation that could affect the customers’ acceptance of the products.

iii) Rental of machines

Rental income from leasing of PCB drilling machines is recognised over time on a straight-line basis over the term of the relevant leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Revenue (Continued)

Contract assets and contract liabilities

| | Group | |
|---|---------------|---------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Contract assets | | |
| Contract assets | 2,359 | 1,167 |
| Less: Loss allowance | (31) | (19) |
| | <u>2,328</u> | <u>1,148</u> |
| Contract liabilities | | |
| Advance billings | 3,048 | 13,077 |
| Deposits received | 8,609 | 7,309 |
| Deferred revenue | 9,633 | 9,138 |
| Rebate to customers | 7,277 | 5,481 |
| Total contract liabilities | <u>28,567</u> | <u>35,005</u> |
| Presented in statements of financial position | | |
| - Current | 24,730 | 31,434 |
| - Non-current | 3,837 | 3,571 |
| | <u>28,567</u> | <u>35,005</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Revenue (Continued)

Contract assets and contract liabilities (Continued)

a) Significant changes in contract assets and contract liabilities

| | Group | | | |
|--|-----------------|--------|----------------------|----------|
| | Contract assets | | Contract liabilities | |
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at beginning of financial year | 1,148 | - | 35,005 | 30,548 |
| Excess of revenue recognised over cash (or rights to cash) | 3,417 | 1,187 | - | - |
| Transfer to trade receivables | (2,278) | - | - | - |
| Loss allowance recognised | (12) | (19) | - | - |
| Balance recognised as revenue during the financial year | - | - | (25,550) | (24,781) |
| Invoice issued during the year and not recognised as revenue | - | - | 18,293 | 29,916 |
| Currency translation adjustment | 53 | (20) | 819 | (678) |
| Balance at end of financial year | 2,328 | 1,148 | 28,567 | 35,005 |

b) Remaining performance obligations

Certain delivery of IT products and in-house maintenance services have been entered into for which both:

- the Group's right to consideration does not correspond directly with the performance; and
- the original contractual period was greater than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Revenue (Continued)

Contract assets and contract liabilities (Continued)

b) Remaining performance obligations (Continued)

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

| | 2024 \$'000 | 2025 \$'000 | 2026 \$'000 | 2027 \$'000 | 2028 \$'000 | 2029 \$'000 | 2030 \$'000 | Total \$'000 |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| 2024 | | | | | | | | |
| Advance billings | | 11,657 | - | - | - | - | - | 11,657 |
| Deferred revenue | | 5,778 | 2,031 | 1,010 | 467 | 184 | 163 | 9,633 |
| | | 17,435 | 2,031 | 1,010 | 467 | 184 | 163 | 21,290 |
| 2023 | | | | | | | | |
| Advance billings | 20,386 | - | - | - | - | - | - | 20,386 |
| Deferred revenue | 5,567 | 1,980 | 923 | 406 | 209 | 53 | - | 9,138 |
| | 25,953 | 1,980 | 923 | 406 | 209 | 53 | - | 29,524 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24. Other income

| | Group | |
|---|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Commission income | 263 | 270 |
| Fair value change in financial asset, FVPL | 147 | 150 |
| Fair value change in derivative financial instruments | 78 | - |
| Freight income | 52 | 290 |
| Foreign exchange gain, net | 224 | 155 |
| Gain on disposal of property, plant and equipment | 366 | - |
| Gain on lease modifications | - | 292 |
| Government grant | 206 | 390 |
| Third party trade and other payables written off | 927 | 575 |
| Scrap sales | 3 | 2 |
| Service fee income | 326 | 324 |
| Others | 80 | 58 |
| | 2,672 | 2,506 |

Material accounting policy information

Commission income

When the Group and the Company act in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group and the Company. Commission income is recognised at a point in time upon the completion of a transaction in which the commission relates to.

Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures. Grants which are receivable in relation to expenses to be incurred in a subsequent financial period, are included as deferred government grants and classified as non-trade receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

25. Finance costs

| | Group | |
|--|--------------|------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Interest expenses: | | |
| - bank borrowings | 6 | 35 |
| - lease liabilities | 173 | 167 |
| - interest accretion on non-current payables | 1,394 | 641 |
| | 1,573 | 843 |

26. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

| | Group | |
|---|---------|---------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| <i>Cost of sales</i> | | |
| Cost of inventories | 552,377 | 561,005 |
| Allowance made for inventory obsolescence | 1,277 | 2,483 |
| Inventories written off | 501 | 43 |
| Depreciation of property, plant and equipment | 40 | 99 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Profit before income tax (Continued)

| | Group | |
|---|--------|----------------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| <i>Selling and distribution costs</i> | | |
| Marketing and promotion | 4,708 | 4,385 ⁽¹⁾ |
| Entertainment | 2,343 | 2,132 |
| Sales commission | 4,381 | 4,452 |
| Travelling | 410 | 468 |
| <i>Administrative and other expenses</i> | | |
| Amortisation of club memberships | 10 | 10 |
| Depreciation of property, plant and equipment | 832 | 1,050 |
| Depreciation of right-of-use assets | 999 | 1,087 |
| Third party trade receivables written off | 53 | 77 |
| Directors' fees | | |
| – Directors of the Company | 265 | 263 |
| Audit fees | | |
| - auditor of the Company | 225 | 182 |
| - other auditors – network firms | 75 | 60 |
| - other auditors – non-network firms | 69 | 67 |
| Non-audit fees | | |
| (i) Non-audit related services | | |
| - auditor of the Company | 3 | 3 |
| - other auditors – network firms | 32 | 22 |
| - other auditors – non-network firms | 20 | 30 |
| Lease expenses | | |
| - short-term leases | 131 | 84 |
| - low value assets | 10 | 11 |
| Loss on disposal of property, plant and equipment | - | 1 |

⁽¹⁾ Out of \$4,385,000 for the marketing and promotion expenses, \$2,137,000 was for the purpose of purchasing Capitaland vouchers for marketing and promotional purposes on behalf of a vendor of the Group. The sum had been paid into the personal bank accounts of two employees of the Group, who then on-paid this money to one employee of the vendor. Please refer to Note 34 to the financial statements for further details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

26. Profit before income tax (Continued)

There are no audit related services provided by BDO LLP and its network member firms and other auditors for the financial year ended 31 December 2024 and 31 December 2023.

The profit before income tax also includes:

| | Group | |
|--|---------------|---------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Employee benefits expense | | |
| - salaries and other short term benefits | 43,673 | 42,883 |
| - defined contribution plan | 3,634 | 3,778 |
| | 47,307 | 46,661 |

The employee benefits expense is recognised in the following line items of profit or loss:

| | Group | |
|-----------------------------------|---------------|---------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Cost of sales | 163 | 176 |
| Selling and distribution costs | 28,426 | 28,750 |
| Administrative and other expenses | 18,718 | 17,735 |
| | 47,307 | 46,661 |

Included in the employee benefits expense were key management remuneration as disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. Income tax expense

| | Group | |
|---|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Current income tax | | |
| - current financial year | 8,259 | 8,593 |
| - (over)/under provision in prior financial years | (57) | 155 |
| - withholding tax | 333 | 947 |
| | 8,535 | 9,695 |
| Deferred tax | | |
| - current financial year | (374) | (291) |
| - (over)/under provision in prior financial years | (160) | 1 |
| | (534) | (290) |
| Total income tax expense recognised in profit or loss | 8,001 | 9,405 |

Domestic income tax is calculated at 17% (2023: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. Income tax expense (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2023: 17%) to profit before income tax as a result of the following differences:

| | Group | |
|---|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Profit before income tax | 38,819 | 36,528 |
| Income tax calculated at applicable income tax rate of 17% | 6,599 | 6,210 |
| Effect of different income tax rates in other countries | 570 | 787 |
| Effect of expenses not deductible for income tax purposes | 857 | 1,040 |
| Effect of partial tax exemption and tax relief | (211) | (174) |
| Deferred tax assets not recognised | 167 | 478 |
| Utilisation of deferred tax assets not recognised previously | (127) | (39) |
| (Over)/under provision of current income tax in prior financial years | (57) | 155 |
| (Over)/under provision of deferred tax in prior financial years | (160) | 1 |
| Withholding tax | 333 | 947 |
| Others | 30 | - |
| | 8,001 | 9,405 |

Unrecognised deferred tax assets are reassessed at the end of the financial year and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Unrecognised deferred tax assets

| | Group | |
|---|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Balance at beginning of financial year | 779 | 376 |
| Utilised during the financial year | (127) | (39) |
| Amount not recognised during the financial year | 167 | 478 |
| Reassessment of unrecognised deferred tax assets in prior financial years | (342) | (67) |
| Currency translation adjustment | 4 | 31 |
| Balance at end of financial year | 481 | 779 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. Income tax expense (Continued)

Unrecognised deferred tax assets (Continued)

Unrecognised deferred tax assets are attributable to:

| | Group | |
|-----------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Unutilised tax losses | 355 | 520 |
| Other temporary differences | 126 | 259 |
| | 481 | 779 |

As at 31 December 2024, the Group had unrecognised tax losses of approximately \$1,746,000 (2023: \$2,009,000) available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates. No deferred tax assets have been recognised in respect of such losses as the management is not confident that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the consolidated financial statements of the Group in accordance with its accounting policy.

28. Earnings per share

The calculation for earnings per share is based on:

| | Group | |
|---|--------|--------|
| | 2024 | 2023 |
| Profit after income tax attributable to owners of the Company (\$'000) | 30,818 | 27,123 |
| Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share ('000) | 90,095 | 90,095 |
| Earnings per share (in cents) | | |
| - Basic and diluted | 34.21 | 30.10 |

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the Company by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Dividends

| | Group and Company | |
|--|-------------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Interim tax-exempt dividends paid of \$0.111 per share in respect of financial year ended 31 December 2024 | 10,000 | - |
| Final tax-exempt dividends paid of \$0.155 per share in respect of financial year ended 31 December 2023 | 13,965 | - |
| Interim tax-exempt dividends paid of \$0.088 per share in respect of financial year ended 31 December 2023 | - | 7,928 |
| Final tax-exempt dividends paid of \$0.111 per share in respect of financial year ended 31 December 2022 | - | 10,001 |
| | 23,965 | 17,929 |

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared for payment. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

The Directors of the Company recommend a final tax-exempt (one tier) dividends of \$0.142 (2023: \$0.155) per ordinary share amounting to approximately \$12,793,000 (2023: \$13,965,000) be paid in respect of current financial year. The dividends have not been recognised as a liability as at the end of the financial year as it is subject to approval by shareholders at the Annual General Meeting of the Company.

30. Commitments and contingent liabilities

30.1 Lease commitments

The Group and the Company as lessors

Leases where the Group and the Company retain substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

30. Commitments and contingent liabilities (Continued)

30.1 Lease commitments (Continued)

The Group and the Company as lessors (Continued)

The Group and the Company have entered into lease commitment on its machineries. These non-cancellable leases have no remaining lease terms (2023: have remaining lease terms of between 6 to 9 months).

At the end of the financial year, the undiscounted rentals receivable under non-cancellable leases for plant and machinery are as follows:

| | Group | |
|-----------------|--------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Within one year | - | 276 |

30.2 Contingent liabilities

Corporate guarantees

As at 31 December 2024, the Company had given guarantees to subsidiary of which no drawn down has been made. As at 31 December 2023, the Company had given guarantees amounted to \$786,000 to certain banks in respect of banking facilities granted to the subsidiaries. Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss allowance determined in accordance with SFRS(I) 9.

The Company has considered the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the banks with regards to the subsidiaries are insignificant. The subsidiaries for which the guarantees were provided are in favourable equity position and are profitable, with no default in the repayment of borrowings and credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors who make strategic decisions.

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Australia, India, Vietnam and other countries. These locations are engaged in the distribution of PCB and distribution of IT products.

The Group has two reportable segments being PCB business and IT business.

The PCB business segment provides PCB related services to PCB fabricators and distributes specialty chemicals and other PCB-related products and equipment to PCB manufacturers and rental of machines.

The IT business segment relates to the distribution of hardware and software relating to internet and network products and the provision of maintenance services for such products.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are consistent with those applied in the preparation of these financial statements and those material accounting policy information are disclosed in respective notes. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss from 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Segment information (Continued)

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

| | ← Singapore → | | Australia | India | Vietnam | Others | Elimination and adjustments | Total |
|-----------------------|---------------|--------------|-------------|-------------|-------------|-------------|-----------------------------|---------|
| | IT business | PCB business | IT business | IT business | IT business | IT business | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2024 | | | | | | | | |
| Revenue | | | | | | | | |
| - External sales | 391,509 | 1,620 | 36,756 | 70,597 | 18,959 | 164,243 | - | 683,684 |
| - Inter-segment sales | 5 | - | - | - | - | - | (5) | - |
| Total revenue | 391,514 | 1,620 | 36,756 | 70,597 | 18,959 | 164,243 | (5) | 683,684 |
| 2023 | | | | | | | | |
| Revenue | | | | | | | | |
| - External sales | 372,590 | 1,792 | 54,600 | 40,558 | 12,116 | 176,765 | - | 658,421 |
| - Inter-segment sales | 187 | - | - | - | - | - | (187) | - |
| Total revenue | 372,777 | 1,792 | 54,600 | 40,558 | 12,116 | 176,765 | (187) | 658,421 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Segment information (Continued)

| | IT business \$'000 | PCB business \$'000 | Elimination and adjustments \$'000 | Total \$'000 |
|---|--------------------------|---------------------------|---|-----------------|
| 2024 | | | | |
| Segment results | | | | |
| Interest income | 3,970 | 732 | - | 4,702 |
| Interest expense | (1,567) | (6) | - | (1,573) |
| Depreciation of property, plant and equipment | (659) | (213) | - | (872) |
| Other non-cash items: | | | | |
| - Gain on disposal of property, plant and equipment | 56 | 310 | - | 366 |
| - Amortisation of club memberships | (10) | - | - | (10) |
| - Depreciation of right-of-use assets | (946) | (53) | - | (999) |
| - Third party trade receivables written off | (53) | - | - | (53) |
| - Inventories written off | (501) | - | - | (501) |
| - Unrealised foreign exchange (loss)/gain | (1,313) | 982 | - | (331) |
| - Allowance (made)/reversed for inventory obsolescence | (1,284) | 7 | - | (1,277) |
| - Loss allowance on third party trade receivables and contract assets | (856) | (1) | - | (857) |
| - Fair value change in financial asset, at FVPL | - | 147 | - | 147 |
| - Fair value change in derivative financial instruments | 78 | - | - | 78 |
| Segment profit | 38,818 | 1 | - | 38,819 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Segment information (Continued)

| | IT business \$'000 | PCB business \$'000 | Elimination and adjustments \$'000 | Total \$'000 |
|---|--------------------------|---------------------------|---|-----------------|
| 2023 | | | | |
| Segment results | | | | |
| Interest income | 1,954 | 775 | - | 2,729 |
| Interest expense | (839) | (4) | - | (843) |
| Depreciation of property, plant and equipment | (813) | (336) | - | (1,149) |
| Other non-cash items: | | | | |
| - Loss on disposal of property, plant and equipment | (1) | - | - | (1) |
| - Amortisation of club memberships | (10) | - | - | (10) |
| - Depreciation of right-of-use assets | (1,036) | (51) | - | (1,087) |
| - Third party trade receivables written off | (77) | - | - | (77) |
| - Inventories written off | (43) | - | - | (43) |
| - Unrealised foreign exchange gain/(loss) | 1,315 | (474) | - | 841 |
| - Allowance (made)/reversed for inventory obsolescence | (2,492) | 9 | - | (2,483) |
| - Loss allowance on third party trade receivables and contract assets | (372) | (3) | - | (375) |
| - Fair value change in financial asset, at FVPL | - | 150 | - | 150 |
| Segment profit/(loss) | 39,722 | (3,194) | - | 36,528 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Segment information (Continued)

Geographical information

The Group's two business segments operate in four main geographical areas. Revenue is based on the country in which the customer is located.

Revenue from external customers

| | Singapore \$'000 | Australia \$'000 | India \$'000 | Vietnam \$'000 | Others \$'000 | Group \$'000 |
|---------------------------------|---------------------|---------------------|-----------------|-------------------|------------------|-----------------|
| 2024 | | | | | | |
| Revenue from external customers | 304,012 | 37,044 | 68,137 | 94,013 | 180,478 | 683,684 |

2023

| | | | | | | |
|---------------------------------|---------|--------|--------|--------|---------|---------|
| Revenue from external customers | 300,528 | 55,295 | 40,773 | 69,279 | 192,546 | 658,421 |
|---------------------------------|---------|--------|--------|--------|---------|---------|

Location of non-current assets

| | Singapore \$'000 | Australia \$'000 | India \$'000 | Vietnam \$'000 | Others \$'000 | Group \$'000 |
|--------------------|---------------------|---------------------|-----------------|-------------------|------------------|-----------------|
| 2024 | | | | | | |
| Non-current assets | 5,942 | 2,421 | 845 | 246 | 1,601 | 11,055 |

2023

| | | | | | | |
|--------------------|-------|-------|-------|-----|-------|--------|
| Non-current assets | 6,623 | 2,632 | 1,089 | 217 | 1,389 | 11,950 |
|--------------------|-------|-------|-------|-----|-------|--------|

Non-current assets consist of property, plant and equipment, right-of-use assets, club memberships and prepayments as presented in the consolidated statement of financial position of the Group.

Major customers

Revenue derived from one customer (2023: one customer) of the Group's IT business was approximately \$100,052,000 (2023: \$117,055,000) which contributed 10 percent or more of the Group's revenue in the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

32. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group and Company and its related parties during the financial year at rates and terms agreed between the parties:

| | Company | |
|---|---------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| With subsidiaries | | |
| Advances made to a subsidiary | 16,492 | 4,156 |
| Interest on advances made to a subsidiary | 1,703 | 1,666 |
| Payment on behalf for | 267 | 270 |
| Dividend income | 20,315 | 19,925 |
| Rental income | 149 | 149 |
| Service fee | 8,717 | 6,613 |

As at 31 December 2024 and 2023, the outstanding balances in respect of the above related party transactions are disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

32. Significant related party transactions (Continued)

Compensation of key management personnel

The remuneration of Directors and other members of the key management personnel of the Group and the Company during the financial year was as follows:

| | Group | | Company | |
|--|---------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Salaries and other short-term benefits (other than fees) | 9,902 | 9,346 | 9,542 | 8,969 |
| Post-employment benefits | 90 | 91 | 86 | 87 |
| Directors' fees | 265 | 263 | 265 | 263 |
| | 10,257 | 9,700 | 9,893 | 9,319 |

The above includes the following remuneration to the Directors of the Company:

| | Group | |
|--|--------------|--------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Salaries and other short-term benefits (other than fees) | 8,571 | 8,089 |
| Post-employment benefits | 38 | 39 |
| Directors' fees | 265 | 263 |
| | 8,874 | 8,391 |

33. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk and foreign exchange risk), and liquidity risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure these risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company are mainly exposed to credit risk from credit sales. It is the Group policy, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management has established a credit policy under which each new customer is reviewed for creditworthiness before the Group's payment and delivery terms and conditions are offered. The Group's review includes external ratings, and customers' financials, when available. Credit limits are established for each customer.

The management determines concentrations of credit risk through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their geography and ageing. Within each group, geographical economics and geographical credit rating are analysed. The average historical loss rate is computed for each group. Customers are assessed individually for any period-end receivables if specific information is available and the expected credit losses are estimated to be 100%. Evidence that a customer is credit-impaired includes observable data such as significant financial difficulty of the customer, breach of contract such as a default or past due event or it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

As the Group and the Company do 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 | |
|--|---------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Corporate guarantees provided to banks for subsidiaries' banking facilities utilised as at the end of financial year | - | 786 |

For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet their contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risk (Continued)

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for the top three trade receivables from third parties amounting to approximately \$55,509,000 and \$414,000 (2023: \$60,574,000 and \$432,000) respectively as at 31 December 2024.

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. The bank deposits are held in financial institutions which are independently rated parties with minimum rating "BBB" and above.

The credit risk for trade receivables and contract assets based on the information provided to the Group's and the Company's management as at the end of the financial year was as follows:

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| IT business | | | | |
| - Current | 164,315 | 145,994 | - | - |
| - Past due 0 to 1 month | 15,717 | 19,400 | - | - |
| - Past due over 1 to 2 months | 9,958 | 6,025 | - | - |
| - Past due over 2 to 5 months | 13,264 | 8,927 | - | - |
| - Past due over 5 months | 4,043 | 3,073 | - | - |
| | 207,297 | 183,419 | - | - |
| PCB business | | | | |
| - Current | 117 | 1 | 117 | 1 |
| - Past due 0 to 1 month | 137 | 172 | 137 | 172 |
| - Past due over 1 to 2 months | 83 | 105 | 83 | 105 |
| - Past due over 2 to 5 months | 116 | 164 | 116 | 164 |
| - Past due over 5 months | - | 3 | - | 3 |
| | 453 | 445 | 453 | 445 |
| | 207,750 | 183,864 | 453 | 445 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risk (Continued)

Trade receivables and contract assets that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company.

As at each financial year end, the lifetime expected loss provision, excluding credit impaired balances, for the Group's and the Company's trade receivables and contract assets are as follows:

| | Australia \$'000 | Singapore \$'000 | Greater China \$'000 | India \$'000 | Rest of Southeast Asia \$'000 | Others \$'000 | Total \$'000 |
|--------------------------|---------------------|---------------------|----------------------------|-----------------|--|------------------|-----------------|
| 2024 | | | | | | | |
| Group | | | | | | | |
| IT business | | | | | | | |
| Expected loss rate | 4.3% | 1.2% | 1.3% to 1.8% | 8.9% | 0.6% to 3.0% | 0.0% to 2.2% | |
| Gross carrying amount | | | | | | | |
| - Trade receivables | 9,605 | 105,626 | 12,997 | 29,045 | 38,750 | 8,351 | 204,374 |
| - Contract assets | - | 2,082 | - | 16 | 149 | 112 | 2,359 |
| | 9,605 | 107,708 | 12,997 | 29,061 | 38,899 | 8,463 | 206,733 |
| Loss allowance | | | | | | | |
| - Trade receivables | 411 | 1,260 | 186 | 2,576 | 454 | 33 | 4,920 |
| - Contract assets | - | 25 | - | 2 | 4 | - | 31 |
| PCB business | | | | | | | |
| Expected loss rate | - | 0.7% | - | - | - | - | |
| Gross carrying amount | | | | | | | |
| - Trade receivables | - | 453 | - | - | - | - | 453 |
| Loss allowance | - | 3 | - | - | - | - | 3 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risk (Continued)

| | Australia \$'000 | Singapore \$'000 | Greater China \$'000 | India \$'000 | Rest of Southeast Asia \$'000 | Others \$'000 | Total \$'000 |
|-----------------------|---------------------|---------------------|----------------------------|-----------------|--|------------------|-----------------|
| 2024 | | | | | | | |
| Group | | | | | | | |
| Total | | | | | | | |
| Gross carrying amount | | | | | | | |
| - Trade receivables | 9,605 | 106,079 | 12,997 | 29,045 | 38,750 | 8,351 | 204,827 |
| - Contract assets | - | 2,082 | - | 16 | 149 | 112 | 2,359 |
| | 9,605 | 108,161 | 12,997 | 29,061 | 38,899 | 8,463 | 207,186 |
| Loss allowance | | | | | | | |
| - Trade receivables | 411 | 1,263 | 186 | 2,576 | 454 | 33 | 4,923 |
| - Contract assets | - | 25 | - | 2 | 4 | - | 31 |
| | 411 | 1,288 | 186 | 2,578 | 458 | 33 | 4,954 |
| Net carrying amount | | | | | | | |
| - Trade receivables | 9,194 | 104,816 | 12,811 | 26,469 | 38,296 | 8,318 | 199,904 |
| - Contract assets | - | 2,057 | - | 14 | 145 | 112 | 2,328 |
| | 9,194 | 106,873 | 12,811 | 26,483 | 38,441 | 8,430 | 202,232 |

| | Australia \$'000 | Singapore \$'000 | Greater China \$'000 | India \$'000 | Rest of Southeast Asia \$'000 | Others \$'000 | Total \$'000 |
|-----------------------|---------------------|---------------------|----------------------------|-----------------|--|------------------|-----------------|
| 2024 | | | | | | | |
| Company | | | | | | | |
| PCB business | | | | | | | |
| Expected loss rate | - | 0.7% | - | - | - | - | - |
| Gross carrying amount | | | | | | | |
| - Trade receivables | - | 453 | - | - | - | - | 453 |
| Loss allowance | - | 3 | - | - | - | - | 3 |
| Net carrying amount | | | | | | | |
| - Trade receivables | - | 450 | - | - | - | - | 450 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risk (Continued)

| | Australia \$'000 | Singapore \$'000 | Greater China \$'000 | India \$'000 | Rest of Southeast Asia \$'000 | Others \$'000 | Total \$'000 |
|--------------------------|---------------------|---------------------|----------------------------|-----------------|--|------------------|-----------------|
| 2023 | | | | | | | |
| Group | | | | | | | |
| <u>IT business</u> | | | | | | | |
| Expected loss rate | 4.9% | 1.1% | 2.1% to 5.2% | 7.7% | 0.5% to 5.0% | 0.0% to 0.5% | |
| Gross carrying amount | | | | | | | |
| - Trade receivables | 14,896 | 89,383 | 8,630 | 12,358 | 49,445 | 6,726 | 181,438 |
| - Contract assets | - | 1,012 | 24 | 9 | 122 | - | 1,167 |
| | 14,896 | 90,395 | 8,654 | 12,367 | 49,567 | 6,726 | 182,605 |
| Loss allowance | | | | | | | |
| - Trade receivables | 730 | 983 | 282 | 955 | 843 | 34 | 3,827 |
| - Contract assets | - | 11 | 1 | 1 | 6 | - | 19 |
| <u>PCB business</u> | | | | | | | |
| Expected loss rate | - | 0.5% | - | - | - | - | |
| Gross carrying amount | | | | | | | |
| - Trade receivables | - | 442 | - | - | - | - | 442 |
| Loss allowance | - | 2 | - | - | - | - | 2 |
| <u>Total</u> | | | | | | | |
| Gross carrying amount | | | | | | | |
| - Trade receivables | 14,896 | 89,825 | 8,630 | 12,358 | 49,445 | 6,726 | 181,880 |
| - Contract assets | - | 1,012 | 24 | 9 | 122 | - | 1,167 |
| | 14,896 | 90,837 | 8,654 | 12,367 | 49,567 | 6,726 | 183,047 |
| Loss allowance | | | | | | | |
| - Trade receivables | 730 | 985 | 282 | 955 | 843 | 34 | 3,829 |
| - Contract assets | - | 11 | 1 | 1 | 6 | - | 19 |
| | 730 | 996 | 283 | 956 | 849 | 34 | 3,848 |
| Net carrying amount | | | | | | | |
| - Trade receivables | 14,166 | 88,840 | 8,348 | 11,403 | 48,602 | 6,692 | 178,051 |
| - Contract assets | - | 1,001 | 23 | 8 | 116 | - | 1,148 |
| | 14,166 | 89,841 | 8,371 | 11,411 | 48,718 | 6,692 | 179,199 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risk (Continued)

| | Australia \$'000 | Singapore \$'000 | Greater China \$'000 | India \$'000 | Rest of Southeast Asia \$'000 | Others \$'000 | Total \$'000 |
|-----------------------|---------------------|---------------------|----------------------------|-----------------|--|------------------|-----------------|
| 2023 | | | | | | | |
| Company | | | | | | | |
| <u>PCB business</u> | | | | | | | |
| Expected loss rate | - | 0.5% | - | - | - | - | |
| Gross carrying amount | | | | | | | |
| - Trade receivables | - | 442 | - | - | - | - | 442 |
| Loss allowance | - | 2 | - | - | - | - | 2 |
| Net carrying amount | | | | | | | |
| - Trade receivables | - | 440 | - | - | - | - | 440 |

For amount due from a subsidiary (Note 11), management has taken into account the available internal information on the subsidiary's past, current and expected operating performance and cash flow position. The management monitors and assesses at the end of financial year on any indicator of significant increase in credit risk on the amount due from the subsidiary, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the subsidiary has sufficient liquid assets to repay its debt. Therefore, amount due from a subsidiary has been measured based on 12-month expected credit loss model and subject to insignificant credit loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.1 Credit risk (Continued)

Cash and bank balances

The cash and bank balances are held with the financial institutions with the following credit ratings:

| | Rating | Group Bank balance \$'000 | Fixed deposits \$'000 | Rating | Company Bank balance \$'000 | Fixed deposits \$'000 |
|---------------------|---------|------------------------------------|-----------------------------|--------|--------------------------------------|-----------------------------|
| 2024 | | | | | | |
| International banks | AA/A | 43,562 | 40,224 | AA/A | 1,600 | 11,229 |
| Domestic banks | BAA/BBB | 34 | - | | - | - |
| | Note 14 | <u>43,596</u> | <u>40,224</u> | | <u>1,600</u> | <u>11,229</u> |
| 2023 | | | | | | |
| International banks | AA/A | 38,561 | 34,274 | AA/A | 4,110 | 23,447 |
| Domestic banks | BAA/BBB | 210 | 2 | | - | - |
| | Note 14 | <u>38,771</u> | <u>34,276</u> | | <u>4,110</u> | <u>23,447</u> |

The credit ratings above are derived from the international credit rating agencies. The management monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At the end of financial year, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

33.2 Market risk

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currencies other than the functional currencies of the entities within the Group and the Company. The currencies that give rise to this risk are primarily United States dollar, Singapore dollar and Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

The Group and the Company monitor their foreign currency exchange risks closely and maintain funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group and the Company enter into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks (mainly export sales and import purchases).

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year were as follows:

| | Assets | | Liabilities | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 | 2024 \$'000 | 2023 \$'000 |
| Group | | | | |
| United States dollar | 76,465 | 56,064 | 187,696 | 156,424 |
| Singapore dollar | 25,335 | 9,273 | 19,403 | 13,153 |
| Indonesian rupiah | 5,935 | 10,033 | 2,070 | 2,210 |
| Others | 179 | 216 | 265 | 185 |
| Company | | | | |
| United States dollar | 34,855 | 34,520 | 38 | 43 |
| Others | 19 | 37 | 5 | 6 |

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk are mainly United States dollar, Singapore dollar and Indonesian rupiah. The Company's exposure to foreign currency risk is mainly United States dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

Foreign currency sensitivity analysis (Continued)

The following table details the Group’s and the Company’s sensitivity to a 6% (2023: 4%) change in United States dollar, Singapore dollar and Indonesian rupiah against the functional currencies respectively. The sensitivity analysis assumes an instantaneous 6% (2023: 4%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items denominated in United States dollar, Singapore dollar and Indonesian rupiah are included in the analysis.

| | Profit or loss | |
|--|----------------|---------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Group | | |
| <i>United States dollar</i> | | |
| Strengthens against functional currencies* | (6,674) | (4,014) |
| Weakens against functional currencies* | 6,674 | 4,014 |
| <i>Singapore dollar</i> | | |
| Strengthens against functional currencies# | 356 | (155) |
| Weakens against functional currencies# | (356) | 155 |
| <i>Indonesian rupiah</i> | | |
| Strengthens against functional currencies# | 232 | 313 |
| Weakens against functional currencies# | (232) | (313) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

Foreign currency sensitivity analysis (Continued)

| | Profit or loss | |
|--------------------------------------|----------------|---------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Company | | |
| <i>United States dollar</i> | | |
| Strengthens against Singapore dollar | 2,089 | 1,379 |
| Weakens against Singapore dollar | (2,089) | (1,379) |

* Primarily Singapore dollar and Indian rupee

Primarily United States dollar

(ii) Interest rate risk management

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 17 to the financial statements.

The Group's financial performance is affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

The sensitivity analysis for changes in interest rates is deemed not necessary as the Group's bank borrowings are at fixed interest rates.

33.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.3 Liquidity risk (Continued)

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet their working capital requirement.

Contractual maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

| | Within one year \$'000 | After one year but within five years \$'000 | Total \$'000 |
|---|------------------------------|---|-----------------|
| Group | | | |
| 2024 | | | |
| Financial liabilities | | | |
| Non-interest bearing | | | |
| - Trade and other payables ⁽¹⁾ | 160,052 | - | 160,052 |
| Interest bearing | | | |
| - Trade payables | - | 26,565 | 26,565 |
| - Lease liabilities | 921 | 1,535 | 2,456 |
| | 921 | 28,100 | 29,021 |
| | 160,973 | 28,100 | 189,073 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

| | Within one year \$'000 | After one year but within five years \$'000 | Total \$'000 |
|---|------------------------------|---|-----------------|
| Group | | | |
| 2023 | | | |
| Financial liabilities | | | |
| Non-interest bearing | | | |
| - Trade and other payables ⁽¹⁾ | 154,738 | - | 154,738 |
| Interest bearing | | | |
| - Trade payables | - | 10,572 | 10,572 |
| - Bank borrowings | 789 | - | 789 |
| - Lease liabilities | 915 | 1,293 | 2,208 |
| | 1,704 | 11,865 | 13,569 |
| | 156,442 | 11,865 | 168,307 |
| Company | | | |
| 2024 | | | |
| Financial liabilities | | | |
| Non-interest bearing | | | |
| - Trade and other payables ⁽¹⁾ | 7,821 | - | 7,821 |
| Interest bearing | | | |
| - Lease liabilities | 62 | 42 | 104 |
| | 7,883 | 42 | 7,925 |
| Financial guarantee contracts | 786 | - | 786 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

| | Within one year \$'000 | After one year but within five years \$'000 | Total \$'000 |
|---|------------------------------|---|-----------------|
| Company | | | |
| 2023 | | | |
| Financial liabilities | | | |
| Non-interest bearing | | | |
| - Trade and other payables ⁽¹⁾ | 7,300 | - | 7,300 |
| Interest bearing | | | |
| - Lease liabilities | 54 | 104 | 158 |
| | 7,354 | 104 | 7,458 |
| Financial guarantee contracts | 786 | - | 786 |

⁽¹⁾ Excludes value added tax and provision for post-sales technical support

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest period for which the guarantees could be called upon in the contracted maturity analysis.

The Group’s operations are financed mainly through equity, retained earnings, lease liabilities and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

33.4 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders’ value.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group’s and the Company’s overall strategy remains unchanged from 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.4 Capital management policies and objectives (Continued)

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by equity attributable to owners of the Company plus net debt. The Group and the Company include within net debt, trade and other payables, lease liabilities and bank borrowings less cash and bank balances. Equity attributable to owners of the Company consists of share capital, foreign currency translation account, other reserves and retained earnings.

| | Group | | Company | |
|--|----------|----------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Trade and other payables | 210,205 | 191,768 | 7,903 | 7,373 |
| Lease liabilities | 2,189 | 1,908 | 100 | 147 |
| Bank borrowings | - | 786 | - | - |
| Less: Cash and bank balances | (83,820) | (73,047) | (12,829) | (27,557) |
| Net debt | 128,574 | 121,415 | (4,826) | (20,037) |
| Equity attributable to owners of the Company | 154,208 | 144,204 | 50,316 | 52,194 |
| Total capital | 282,782 | 265,619 | 45,490 | 32,157 |
| Gearing ratio (%) | 45 | 46 | N/M | N/M |

*N/M: Not meaningful

The Group and the Company are in compliance with all borrowing covenants, including consolidated net worth, current assets to current liabilities ratio and debt service cover, imposed by the financial institutions for the financial years ended 31 December 2024 and 2023.

As disclosed in Note 21 to the financial statements, certain subsidiaries of the Group are required by the People's Republic of China and Civil and Commercial Code of Thailand to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant authorities. The Group is in compliance with all statutory reserve fund capital requirement for the financial years ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.5 Fair value of financial assets and financial liabilities

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of non-current trade receivables, non-current trade payables and bank borrowings are disclosed in the respective notes to the financial statements.

Financial instruments by category

| | Group | | Company | |
|--|----------------|----------------|---------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | |
| <i>Fair value through other comprehensive income</i> | | | | |
| Financial asset, at FVOCI | - | 7 | - | - |
| <i>Fair value through profit or loss</i> | | | | |
| Financial asset, at FVPL | 5,107 | 4,813 | 5,107 | 4,813 |
| Derivative financial instruments | 74 | - | - | - |
| | 5,181 | 4,813 | 5,107 | 4,813 |
| <i>Amortised cost</i> | | | | |
| Trade and other receivables ⁽¹⁾ | 201,748 | 180,287 | 37,405 | 23,495 |
| Fixed deposits | 40,224 | 34,276 | 11,229 | 23,447 |
| Cash and bank balances | 43,596 | 38,771 | 1,600 | 4,110 |
| | 285,568 | 253,334 | 50,234 | 51,052 |
| Financial liabilities | | | | |
| <i>Amortised cost</i> | | | | |
| Trade and other payables ⁽²⁾ | 182,739 | 164,262 | 7,821 | 7,300 |
| Bank borrowings | - | 786 | - | - |
| Lease liabilities | 2,189 | 1,908 | 100 | 147 |
| | 184,928 | 166,956 | 7,921 | 7,447 |

⁽¹⁾Excludes value added tax receivables and advances to suppliers

⁽²⁾Excludes value added tax payables and provision for post-sales technical support

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.5 Fair value of financial assets and financial liabilities (Continued)

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

33. Financial instruments, financial risks and capital management (Continued)

33.5 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------|---------|---------|--------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | |
| 2024 | | | | |
| Financial assets | | | | |
| Financial asset, at FVPL | - | - | 5,107 | 5,107 |
| Derivative financial instruments | - | 74 | - | 74 |
| 2023 | | | | |
| Financial assets | | | | |
| Financial asset, at FVOCI | 7 | - | - | 7 |
| Financial asset, at FVPL | - | - | 4,813 | 4,813 |
| Company | | | | |
| 2024 | | | | |
| Financial assets | | | | |
| Financial asset, at FVPL | - | - | 5,107 | 5,107 |
| 2023 | | | | |
| Financial assets | | | | |
| Financial asset, at FVPL | - | - | 4,813 | 4,813 |

There were no transfers between Levels 1 and 2 during the financial year.

The financial instruments included in Level 1 are traded in active markets and their fair values are based on quoted market prices at the end of the financial year.

The fair value of the financial asset, at FVPL is based on the cash value provided by insurer without adjustment. The fair value measurements categorised within Level 3 for financial asset, at FVPL includes unobservable inputs that are not developed by the Group and the Company.

Fair value of the derivative financial instruments is determined based on discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the financial year) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. There are no significant unobservable inputs and significant interrelationship between unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

34. Update from independent review

With reference to Note 26 to the financial statements, an amount of \$2,137,000 was used to purchase Capitaland vouchers for marketing and promotional purposes on behalf of a vendor of the Group in the last financial year. The sum was paid into the personal bank accounts of two employees of the Group, who then on-paid this money to one employee of the vendor. Accordingly, the Group appointed Shook Lin & Bok LLP as an independent inquiry to investigate into this matter, which was raised as a qualified opinion for the financial year ended 31 December 2023.

The results of the investigation were announced via SGXnet on 20 December 2024. In summary,

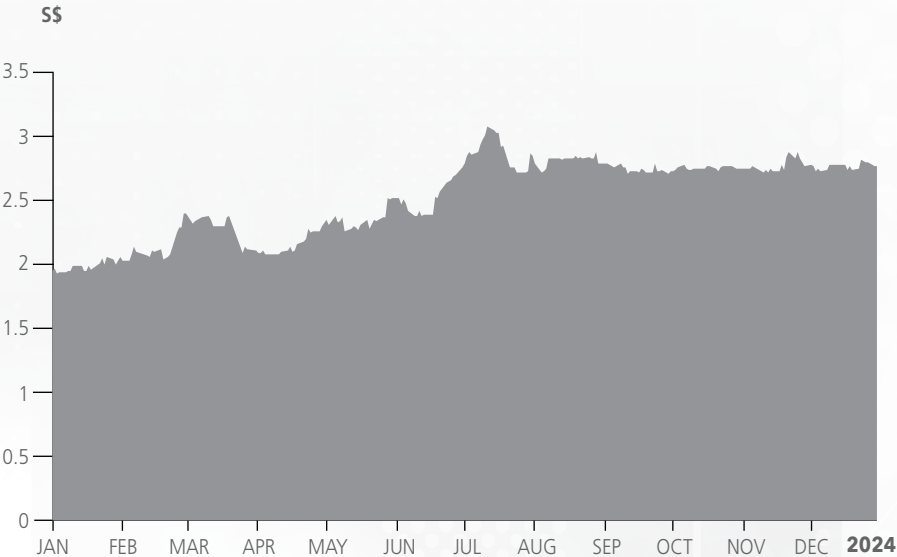
- (a) On the balance of probabilities, those transactions highlighted were bona fide transactions vis-à-vis the Group and its employees.
- (b) Based on the documents reviewed and the interviews conducted, there is no finding that the Group and its employees acted with a lack of probity, for personal gain, or to wrongfully benefit from those transactions. The evidence provided by the Group and its employees were assessed to be sufficiently credible, with no specific indicators of deliberate concealment or inconsistency being detected.
- (c) The evidence reviewed included bank statements from the Group's employees showing the flow of funds and a confirmation letter from the vendor's employee on the vendor's letterhead and bearing the vendor's company stamp that the vendor employee had received the corresponding amount of funds on behalf of the vendor from those Group employees.
- (d) In addition, there is no finding that the Group suffered any financial losses or financial disadvantages as a result of those transactions.
- (e) Notwithstanding, remedial measures should be implemented to guard against risks of unauthorised fund leakage or misapplication of funds. These remain as hypothetical risks in this case as no evidence of the same was found for those transactions.
- (f) Such measures can include a general anti-fraud policy, as well as revisions to the marketing policy pursuant to which those transactions had been made, and the implementation of associated standard operating procedures for verification of claims and the remittance of funds.

As of the date of this financial statements, management is in the process of reviewing and implementing those measures proposed by Shook Lin & Bok LLP.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Share Price Chart



| | In 2024 | | |
|-------------------|---------|--------|---------|
| | Highest | Lowest | Average |
| Share Price (S\$) | 3.080 | 1.930 | 2.525 |
| Share Volume | 270,300 | 100 | 19,422 |

STATISTICS OF SHAREHOLDERS

AS AT 17 MARCH 2025

ANALYSIS OF SHAREHOLDINGS AS AT 17 MARCH 2025

| | | |
|---|---|--------------------|
| Total number of issued shares excluding treasury shares - and subsidiary holdings | - | 90,095,268 |
| Number of treasury shares held | - | NIL |
| Number of subsidiary holdings held | - | NIL |
| Class of Shares | - | Ordinary shares |
| Voting Rights | - | One Vote per share |

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares | % of Shareholdings |
|-----------------------|---------------------|-------------------|-------------------|--------------------|
| 1 – 99 | 190 | 4.32 | 10,503 | 0.01 |
| 100 - 1,000 | 3,079 | 70.01 | 1,423,643 | 1.58 |
| 1,001 – 10,000 | 918 | 20.87 | 3,015,471 | 3.35 |
| 10,001 – 1,000,000 | 206 | 4.69 | 10,950,773 | 12.15 |
| 1,000,001 and above | 5 | 0.11 | 74,694,878 | 82.91 |
| TOTAL | 4,398 | 100.00 | 90,095,268 | 100.00 |

LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 17 MARCH 2025

(as shown in the Register of Members)

| No. | Name of Shareholder | No. of Shares | % of Shareholdings |
|--------------|---|-------------------|--------------------|
| 1 | FOO SUAN SAI | 36,215,325 | 40.20 |
| 2 | HAN JUAT HOON | 25,112,625 | 27.87 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD | 10,975,951 | 12.18 |
| 4 | DBS NOMINEES PTE LTD | 1,268,775 | 1.41 |
| 5 | RAFFLES NOMINEES (PTE) LIMITED | 1,122,202 | 1.25 |
| 6 | UNITED OVERSEAS BANK NOMINEES PTE LTD | 557,600 | 0.62 |
| 7 | ABN AMRO CLEARING BANK N.V. | 511,300 | 0.57 |
| 8 | LARISSA THAM KIT FUN | 372,500 | 0.41 |
| 9 | YAP YOONG LOK | 357,000 | 0.40 |
| 10 | PHILLIP SECURITIES PTE LTD | 342,223 | 0.38 |
| 11 | IAN HAROLD HOLLAND | 310,000 | 0.34 |
| 12 | OCBC NOMINEES SINGAPORE PTE LTD | 285,950 | 0.32 |
| 13 | MOOMOO FINANCIAL SINGAPORE PTE. LTD. | 261,678 | 0.29 |
| 14 | HSBC (SINGAPORE) NOMINEES PTE LTD | 259,148 | 0.29 |
| 15 | PUAR HAI KUAN OR CHONG SIEW LEE MICHELE | 253,400 | 0.28 |
| 16 | FOO FANG MIN | 214,575 | 0.24 |
| 17 | QUEK KOK KWANG (GUO GUO GUANG) | 200,000 | 0.22 |
| 18 | FOO CHIK HEE @ FOO CHIK ENG | 189,500 | 0.21 |
| 19 | OCBC SECURITIES PRIVATE LTD | 166,903 | 0.19 |
| 20 | FOO FANG YONG (FU FANGXIONG) | 162,400 | 0.18 |
| TOTAL | | 79,139,055 | 87.85 |

SUBSTANTIAL SHAREHOLDERS

AS AT 17 MARCH 2025

(as shown in the Register of Substantial Shareholders)

| No. | Name of Shareholder | Direct Interest | | Deemed Interest | |
|-----|------------------------------|---------------------------|--------|-----------------|--------|
| | | No. of Shares | % | No. of Shares | % |
| 1. | Foo Suan Sai ⁽¹⁾ | 36,215,325 | 40.197 | 25,345,125 | 28.131 |
| 2. | Han Juat Hoon ⁽¹⁾ | 25,345,125 ⁽²⁾ | 28.131 | 36,215,325 | 40.197 |
| 3. | Yaowalak Phoowarachai | 10,668,000 ⁽³⁾ | 11.841 | - | - |

Notes :

- ⁽¹⁾ Mr Foo Suan Sai and Mdm Han Juat Hoon are husband and wife and they are each deemed to be interested in the shares held by the other.
- ⁽²⁾ Mdm Han Juat Hoon has direct interest in the 232,500 ordinary shares registered in the name of United Overseas Bank Nominees Pte Ltd.
- ⁽³⁾ Mdm Yaowalak Phoowarachai has direct interest in the 10,668,000 ordinary shares registered in the name of Citibank Nominees Singapore Pte Ltd.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

As at 17 March 2025, based on the registers of shareholders and to the best knowledge of the Company, the percentage of shareholding held in the hands of the public is 19.62%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Multi-Chem Limited (the "Company") will be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on 25 April 2025 at 11.30 a.m. for the purpose of transacting the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2024 together with the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect Mr Foo Suan Sai who is retiring by rotation pursuant to Regulation 106 of the Constitution of the Company. *(See Explanatory Note 1)* **(Resolution 2)**

Mr Foo Suan Sai will, upon re-appointment as a Director of the Company, remain as a member of the Nominating Committee.
3. To re-elect Mdm Han Juat Hoon who is retiring by rotation pursuant to Regulation 106 of the Constitution of the Company. *(See Explanatory Note 1)* **(Resolution 3)**
4. To approve a final tax exempt (one-tier) dividend of SGD0.142 per ordinary share for the financial year ended 31 December 2024. **(Resolution 4)**
5. To approve the payment of Directors' fees of SGD295,000.00 for the financial year ended 31 December 2024. **(Resolution 5)**
6. To re-appoint Messrs BDO LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

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

8. Authority to issue shares

(Resolution 7)

"That, pursuant to Section 161 of the Companies Act 1967 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

- (a) (i) issue shares in the capital of the Company ("shares") way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) 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 the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below).

NOTICE OF ANNUAL GENERAL MEETING

- (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 total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards; and
- (ii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (i) and (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 of the passing of this resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST 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

(unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution 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 2)

BY ORDER OF THE BOARD
Chan Lai Yin
Company Secretary
Singapore, 10 April 2025

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Businesses to be Transacted

1. Detailed information of Mr Foo Suan Sai and Mdm Han Juat Hoon can be found under Directors' Profile section of the Company's Annual Report and Additional information on Directors seeking re-election.
2. The Ordinary Resolution no. 7 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at 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 earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

1. The Annual General Meeting of the Company ("AGM") is being convened, and will be held, physically. This Notice will be sent to members by electronic means via publication on the Company's website at the URL www.multichem.com.sg. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Please complete the Request Form attached and return by post or by email to salesmultichem@multichem.com.sg no later than 15 April 2025 to receive the Annual Report in time for the upcoming AGM. A printed copy of the Annual Report will be mailed to you within 5 working days upon receiving your request.
2. Members (including investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors")) may participate in the AGM by:
 - (a) Attending the AGM in person;
 - (b) Asking questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).
3. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask questions relating to the items on the agenda of the AGM by:
 - (a) Submitting question via mail to the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966, or send electronic mail to finance@multichem.com.sg in advance of the AGM latest by 17 April 2025 at 11.30 a.m.; or
 - (b) "live Question and Answer" at the physical AGM.

When sending questions, members should also provide their full name (for individuals)/company name (for corporate), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held for verification.

Shareholders are encouraged to submit their questions latest by 17 April 2025 at 11.30 a.m. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by 20 April 2025 at 11.30 a.m. (at least 48 hours prior to the closing date and time for the lodgment of the proxy forms). The Company's response will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

4. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

5. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such 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.
6. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
7. The instrument appointing a proxy must be deposited:
 - (a) at the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966; or
 - (b) be sent via electronic mail to finance@multichem.com.sg enclosing signed PDF copy of the Proxy Form;not less than seventy-two (72) hours before the time set for the AGM.
8. CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 11.30 a.m. on 15 April 2025). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.
9. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 11.30 a.m. on 22 April 2025), as certified by The Central Depository (Pte) Limited to the Company.
10. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

*"A Relevant intermediary" means:

- a. a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
- c. the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

RECORD DATE

Subject to members' approval to the proposed final dividend at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 14 May 2025 for preparation of dividend warrants to a final tax exempt (one-tier) dividend of 14.20 cents per ordinary share for the financial year ended 31 December 2024 (the "**Proposed Final Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, 9 Raffles Place, #26-01 Republic Plaza, Singapore 048691 by 5.00 p.m. on 13 May 2025 ("**Record Date**") will be registered to determine members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on the Record Date will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by the members at the forthcoming Annual General Meeting, will be paid on 23 May 2025.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Annual General Meeting as proxy to vote at the Annual General Meeting and/or any adjournment thereof, and/or (b) by registering to attend the AGM via electronic means, and/ or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the "Chairman of the Annual General Meeting" as proxy for the AGM (including any adjournment thereof);
- (ii) processing the pre-registration forms for purposes of granting access to members (or their corporate representatives in the case of members who are legal entities) to view the live webcast of the AGM proceedings and providing viewers with any technical assistance, where necessary;
- (iii) addressing selected questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following directors are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 25 April 2025 ("AGM") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**"):

1. Mr Foo Suan Sai; and
2. Mdm Han Juat Hoon.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

| MR FOO SUAN SAI | |
|---|--|
| Date of Appointment | 30 September 1988 |
| Date of last re-appointment | 27 April 2022 |
| Age | 72 |
| Country of principal residence | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (" NC ") and has reviewed and considered the qualification, work experiences, contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Foo Suan Sai for re-election as Executive Director of the Company. The Board have reviewed and concluded that Mr Foo Suan Sai possess 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 | Executive Mr Foo Suan Sai is responsible for the overall direction and development of the Group. |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Chief Executive Officer and member of the Nominating Committee. |
| Professional qualifications | Diploma in Chemical Process Technology from Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management. |
| Working experience and occupation(s) during the past 10 years | Executive Director of the Company since 1988 |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| MR FOO SUAN SAI | |
|--|---|
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest: 36,215,325 ordinary shares Deemed interest: 25,345,125 ordinary shares |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Mr Foo Suan Sai is the husband of Mdm Han Juat Hoon, Executive Director of the Company and father of Mr Foo Fang Yong, Executive Director of the Company. |
| Conflict of Interest (including any competing business) | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes |
| Other Principal Commitments* Including Directorships# | |
| Past (for the last 5 years) | None |
| Present | Multi-Chem Group of Companies |

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 |
|--|----|

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR FOO SUAN SAI

- | | |
|--|----|
| 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 |
| c) Whether there is any unsatisfied judgment against him? | 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 |
| 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 |
| 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 |
| 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 |
| 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 |
| 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 |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR FOO SUAN SAI

- j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— No
- 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
 - 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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MDM HAN JUAT HOON

| | |
|---|--|
| Date of Appointment | 16 May 1987 |
| Date of last re-appointment | 21 April 2023 |
| Age | 68 |
| Country of principal residence | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mdm Han Juat Hoon for re-election as Executive Director of the Company. The Board have reviewed and concluded that Mdm Han Juat Hoon possess 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 | Executive Mdm Han Juat Hoon is responsible for the overall operations of the Group. |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Chief Operating Officer |
| Professional qualifications | Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management. |
| Working experience and occupation(s) during the past 10 years | Executive Director of the Company since 1987. |
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest: 25,345,125 ordinary shares Deemed interest: 36,215,325 ordinary shares |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| | |
|--|--|
| MDM HAN JUAT HOON | |
| 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 | Mdm Han Juat Hoon is the wife of Mr Foo Suan Sai, Executive Director and Chief Executive Officer of the Company and mother of Mr Foo Fang Yong, Executive Director of the Company. |
| Conflict of Interest (including any competing business) | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes |
| Other Principal Commitments* Including Directorships# | |
| Past (for the last 5 years) | None |
| Present | Multi-Chem Group of Companies |

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 her or against a partnership of which she was a partner at the time when she was a partner or at any time within 2 years from the date she ceased to be a partner? | No |
|---|----|

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MDM HAN JUAT HOON

- | | |
|---|----|
| 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 she was a director or an equivalent person or a key executive, at the time when she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date she 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 |
| c) Whether there is any unsatisfied judgment against her? | No |
| d) Whether she 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 she is aware) for such purpose? | No |
| e) Whether she 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 she is aware) for such breach? | No |
| f) Whether at any time during the last 10 years, judgment has been entered against her 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 her part, or she has been the subject of any civil proceedings (including any pending civil proceedings of which she is aware) involving an allegation of fraud, misrepresentation or dishonesty on her part? | No |
| g) Whether she 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 |
| h) Whether she 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 |
| i) Whether she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining her from engaging in any type of business practice or activity? | No |

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MDM HAN JUAT HOON

- j) Whether she has ever, to her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:— No
- 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
 - 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 she was so concerned with the entity or business trust?
- k) Whether she 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

MULTI-CHEM LIMITED
(Company Registration No.: 198500318Z)
(Incorporated in Singapore)

PROXY FORM

IMPORTANT:

1. SRS investors who wish to vote, should approach their SRS Operators to submit their votes by 11.30 a.m. on 15 April 2025.

2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.

3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2025.

*I/We_____ (Name)_____ (NRIC/Passport No.)
of _____ (Address)

being *a member/members of Multi-Chem Limited (the "Company"), hereby appoint:

| Name | Address | NRIC/ Passport No. | Proportion of shareholdings to be represented by proxy (%) |
|------|---------|-----------------------|--|
| | | | |

*and/or

| Name | Address | NRIC/ Passport No. | Proportion of shareholdings to be represented by proxy (%) |
|------|---------|-----------------------|--|
| | | | |

Or failing him/her, the Chairman of the Annual General Meeting ("AGM") as *my/our *proxy/ proxies to attend and vote for *me/us on *my/our behalf at the AGM to be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on Friday, 25 April 2025 at 11.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

| No. | Ordinary Resolutions | No. of Votes For** | No. of Votes Against** | No. of Votes Abstain** |
|-----|--|-----------------------|---------------------------|---------------------------|
| 1. | To receive and adopt the Audited Financial Statements together with the Directors' Statement and Auditor's Report for the financial year ended 31 December 2024. | | | |
| 2. | To re-elect Mr Foo Suan Sai as a Director. | | | |
| 3. | To re-elect Mdm Han Juat Hoon as a Director. | | | |
| 4. | To approve a final tax exempt (one-tier) dividend. | | | |
| 5. | To approve the payment of Directors' fees. | | | |
| 6. | To re-appoint Messrs BDO LLP as Auditor and to authorise the Directors to fix their remuneration. | | | |
| 7. | To authorise Directors to issue shares. | | | |

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate "X" or "√" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you indicate "X" or "√" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this _____ day of _____ 2025

| Total Number of Shares Held |
|-----------------------------|
| |

Signature(s) of Member(s)/Common Seal

IMPORTANT. Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. The instrument appointing proxy must be signed and deposited at the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966 or send electronic mail to finance@multichem.com.sg not later than seventy-two (72) hours before the time set for the Meeting.
3. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
4. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such 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.
5. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.
6. Investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors") who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 11.30 a.m. on 15 April 2025). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.
7. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 11.30 a.m. on 22 April 2025), as certified by The Central Depository (Pte) Limited to the Company.
8. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
9. Where an instrument appointing a proxy 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 the instrument of proxy and deposited at the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966 or send electronic mail to finance@multichem.com.sg not later than seventy-two (72) hours before the time set for the Meeting, failing which the instrument may be treated as invalid.
10. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act 1967 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.
11. The Company shall be entitled to reject an instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy.

*"A Relevant Intermediary" means:

- a. a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
- c. the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

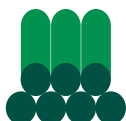
FOLD ALONG THIS LINE

**AFFIX
STAMP**

The Company Secretary
MULTI-CHEM LIMITED
18 Boon Lay Way #05-113
Tradehub 21
Singapore 609966

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MultiChem
The Hole Solution Provider

M.TECH
Your Preferred I-Security Partner

Multi-Chem Limited

Company's Registration No. 198500318Z

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