

MULTI-CHEM LIMITED

(Company Registration No. 198500318Z)

(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERY IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The Board of Directors of Multi-Chem Limited (“Company” or together with its subsidiaries, the “Group”) refers to the query raised by the Singapore Exchange Regulation (“SGX RegCo”) on 6 May 2022 relating to the Company’s Annual Report for the financial year ended 31 December 2021 (“FY2021 Annual Report”) released on 4 April 2022.

The Company wishes to provide below its response to the query raised by SGX RegCo:

QUESTION

- (i) Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

Provision 8.1 of the Code states that:

“The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and
(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.”

We note the Company’s disclosure on remuneration at pages 66 to 67 of the annual report for FY2021. Where the Company’s practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

COMPANY’S RESPONSE

The Company had disclosed remuneration of each Independent Director of the Company (who are also non-executive directors) with criteria for setting remuneration based on the effort and time spent, including the responsibilities of each non-executive Director, as explained on Page 65 of the FY2021 Annual Report.

For reasons of competition, the Company did not disclose remuneration of each Executive Director and CEO. Instead, the Company disclosed the remuneration of each Executive Director in bands of \$250,000. 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 portion is approved by the Board with the concurrence of the Remuneration Committee on an annual basis. The criteria for setting remuneration of Executive Directors, as aforementioned, was included in Page 65 of the FY2021 Annual Report.

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 did not disclose the aggregate remuneration paid to the key management personnel of the Group in the FY2021 Annual Report other than in bands of \$250,000.

The Board is of the view that specific remuneration disclosure of each Executive Director and 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.

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's subsidiary, M. Tech Holdings Pte. Ltd.. For the key management personnel, the remuneration is based on their respective employment contract with the Company or the Company's subsidiary and fixed based on the above factors as well as negotiation between the parties concerned.

The Company's remuneration policy, practices and criteria for setting remuneration, mentioned in Page 65 to Page 67 of the FY2021 Annual Report, are consistent with the intent of Principle 8 of the Code, given the sensitive nature in the IT industry for talent retention, all for the best interests of the Company.

By Order of the Board

Han Juat Hoon
Director

10 May 2022