

MULTI-CHEM LIMITED

(Company Registration No. 198500318Z)
(Incorporated in the Republic of Singapore)

UPDATE RELATING TO THE UTILISATION OF AN AMOUNT FOR MARKETING AND PROMOTIONAL EXPENSES

The Audit and Risk Management Committee (the “**ARC**”) of Multi-Chem Limited (the “**Company**” and together with its subsidiaries the “**Group**”) refers to the Company’s announcements dated 25 March 2024 and 5 April 2024 regarding clarifications sought by the Group’s statutory auditors, BDO LLP, in relation to the Group’s use of monies in 2023 towards marketing and promotional expenses (the “**Transactions**”), and the Group’s appointment of Shook Lin & Bok LLP to conduct an independent inquiry into the same.

The ARC wishes to update that Shook Lin & Bok LLP has completed its independent inquiry. A summary of its findings are as follows:

- (a) On the balance of probabilities, the Transactions 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 the 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 the 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 the Transactions.
- (f) Such measures can include a general anti-fraud policy, as well as revisions to the marketing development fund policy pursuant to which the Transactions had been made, and the implementation of associated standard operating procedures for verification of claims and the remittance of funds.

The ARC acknowledges the findings of the independent inquiry and concurs with the recommendation to implement remedial measures. To this end, the ARC has appointed Shook Lin & Bok LLP to assist in devising and implementing suitable amendments to the Group’s policies and/or operating procedures to minimise the hypothetical risks identified. The ARC also notes that the Group has already initiated a new policy with effect from 1 May 2024 for the Group to exercise more scrutiny over the process of purchasing gift vouchers for marketing and promotional expenses.

If and when there are any material developments which warrant a disclosure, the Board will make a further announcement on the SGX-ST in accordance with the listing rules of the SGX-ST.

Shareholders of the Company and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Audit and Risk Management Committee

Chong Teck Sin
Independent Non-Executive Director
On behalf of the Audit and Risk Management Committee

20 December 2024