METech

铭泰国际

ANNUAL REPORT 2023

VISION

To conserve and maximise Earth's resources.

MISSION

To be a provider of smart solutions to bring value and efficiency to the global supply chain.

TABLE OF CONTENTS

This annual report has been prepared by Metech International Limited (the "**Company**") and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #04-02 Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

MESSAGE FROM **BOARD OF DIRECTORS**

DEAR SHAREHOLDERS,

The board of directors (the "**Board**") of Metech International Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to present the annual report for the 18-month period ended 31 December 2023 ("**FP2023**") and to share with you some of the key developments in the Company.

As announced by the Company on 8 December 2023, the Company has changed its financial year end from 30 June to 31 December, after taking into consideration, amongst others, the significant changes to the Board and key management personnel during FP2023.

Since the last Annual General Meeting held in October 2022, the Company has undergone a complete overhaul of its key management team, along with a spate of appointments and resignations of directors.

The current Board comprises new directors who came on board between September 2023 and May 2024. The new independent directors will bring in their vast experience in the commercial and legal sectors, and ensure effective corporate governance to support the growth of the Company and uphold the interests of shareholders.

The new Board is committed to focusing on sustainability and Environmental, Social and Governance (ESG) initiatives to continue on the trajectory towards the mainstream business.

The Company, under the new Board, will embark on a transformative journey into new businesses, benchmarking against international global trends. This approach will open new market opportunities, increase the Company's revenue streams to sustain its operations, and enhance shareholders' value. The Company will pursue new business opportunities while taking into consideration the current worldwide challenges faced relating to climate issues, environmental preservation, and social and geopolitical expectations.

The new Board is committed to pursuing investment prospects in promising new ventures to bolster stability, diversity, and overall Company performance. Emphasis will be placed on strengthening the position of the Company and prudently advancing growth in its business into the future. In the transformational journey to maintain continuous sustainability through expanding our investments, the Board will ensure there is reduction in our CO_2 footprint across the Group in its operations. At the operational level, the Board will ensure compliance with regulatory requirements in the area of fund raising while paying special attention to operating cashflow and accounts receivables.

For the current lab-grown diamond business, the Company is exploring how it can be transformed into new uses in emerging high-tech applications, which may gradually open new market opportunities and drive further growth for the industry. The Company will collaborate with new investors either to expand this business or venture into renewable energy projects.

The Company had raised funds from a mix of both equity and debt during the past few months in 2024. The proceeds are to be utilised for general corporate and working capital purposes. Pursuant to Rule 1204(22) of the Catalist Rules, the status report on the use of proceeds from funds raised pursuant to an offer under Chapter 8 of the Catalist Rules can be found on page 66 of this annual report.

MESSAGE FROM BOARD OF DIRECTORS

ACKNOWLEDGEMENT

The Board would like to express its gratitude to all its customers, suppliers, business partners and shareholders for their continued support and trust during the challenging times faced by the Company.

To the new management team, the Board is grateful and thankful for their hard work, commitment, and professionalism in contributing to the progress that has been achieved over the past months.

Last but not least, the Board would like to express its most sincere gratitude to both the new and existing shareholders for their continued trust and support in our future endeavours.

Rest assured that the new Board will spare no effort to explore every opportunity to enhance shareholders' value for the benefit of the Company and its shareholders.

BOARD OF DIRECTORS
METECH INTERNATIONAL LIMITED

BOARD OF DIRECTORS

MR WANG ZHUO
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

MR WANG ZHUO was appointed as the Executive Director and Chief Operating Officer of the Company on 28 March 2023. He was subsequently re-designated as Executive Director and Chief Executive Officer on 30 May 2023. As the Company's Executive Director and Chief Executive Officer, he is responsible for managing and overseeing the overall business strategy and development of the Group, and works together with the Board in formulating the Company's business strategies and identifying growth opportunities.

Mr Wang has years of experience in lab-grown diamond industry. Prior to joining the Group, Mr Wang held the position of Vice President and Chief Marketing Officer of Beijing Zuowen Technology Co., Ltd. a company involved in the manufacturing and sales of lab-grown diamonds. In this role, his responsibilities encompassed marketing, sales and product management.

Mr Wang holds a Bachelor's degree in Material Technology and Automation from Zhejiang University in the People's Republic of China.

MR HWANG KIN SOON IGNATIUS
INDEPENDENT DIRECTOR

MR HWANG KIN SOON IGNATIUS was appointed as the Independent Director of the Company on 20 May 2024. Mr Hwang chairs the Nominating Committee and is also a member of the Audit Committee and Remuneration Committee of the Company.

Mr Hwang has more than three decades of international experience as an energy, infrastructure and resources lawyer. He has been involved in major transactions and projects in North and South Asia, Africa, the Middle East, Europe, the United States and Australia. He advises governments, sponsors, contractors, operators, funders and lenders on all aspects of the development and acquisition of energy, infrastructure and resources projects.

For most of his career, he set up and managed three US law firms' offices in Singapore – McDermott Will & Emery LLP, Squire Patton Boggs LLP and Bryan Cave LLP respectively. In the early stages of his career, he was a partner with Freehills, an Australian law firm, and held various in-house counsel and law firm positions. In 2023, Mr Hwang set up his own law firm, Magellan Law LLP, and had founded and is currently the chairman of a renewable energy development company, Garnet Energie Pte Ltd, a solar energy projects developer with a focus on Asia. In 2024, Mr Hwang left Magellan Law LLP and is currently a consultant with Trowers & Hamlins' newly established Singapore office.

Mr Hwang has sat on boards of both public and private companies, charities and non-profit organizations. He has significant experience serving as independent director of listed companies, serving as chair of remuneration and nomination committees and being part of audit committees.

Mr Hwang is both Singapore and United Kingdom qualified, having graduated from the National University of Singapore with a Bachelor of Laws degree in 1989. Mr Hwang was appointed as an advocate and solicitor of the Supreme Court of the Republic of Singapore in 1990 and as an Solicitor in the Supreme Court of the United Kingdom in 1996.

In Singapore, he is particularly known for his market-leading work in public-private partnership projects.

BOARD OF DIRECTORS

MS LUCY YOW SU CHIN
INDEPENDENT DIRECTOR

MS LUCY YOW SU CHIN was appointed as an Independent Director of the Company on 22 September 2023. Ms Yow chairs the Remuneration Committee and is also a member of the Audit Committee and Nominating Committee of the Company.

Ms Yow is currently the Head of Wealth Management of a multi-family office, and her responsibilities include advising high net worth individuals, and managing their investments, businesses and real estate portfolios/funds. Ms Yow is also an advisor and director in several other local and foreign companies.

Ms Yow holds a Doctor of Business Administration from Singapore University of Social Sciences, Master of Science in Applied Finance from Singapore Management University, Master of Business Administration (Marketing) from University of Leicester, Bachelor of Social Sciences (Economics) from National University of Singapore. She is a certified Applied ESG and Investment Advisor (WMI), a Chartered Fintech Professional (CFtP), and an Accredited Director (SID).

MR ER KWONG WAH
INDEPENDENT DIRECTOR

MR ER KWONG WAH was appointed as an Independent Director of the Company on 9 November 2023. Mr Er chairs the Audit Committee and is also a member of the Remuneration Committee and Nominating Committee of the Company.

Mr Er spent 27 years in the service of the Singapore Government. Whilst in the civil service, he served in various ministries such as the Ministry of Defence, the Public Service Commission, Ministry of Finance, Ministry of Education and the Ministry of Community Development. He held Permanent Secretary Positions first with the Ministry of Education from 1987-1994 and then with the Ministry of Community Development until his retirement in 1998. After his retirement from the civil service, he was appointed Executive Chairman of Sembawang Maritime and Logistic Ltd till 2001 when he left to take up the position of Executive Director of a leading private education institution in Singapore.

A Colombo Plan and Bank of Tokyo Scholar, Mr Er obtained the Bachelor of Applied Science degree (BASc) with Honours in Electrical Engineering at the University of Toronto, Canada in 1970, and the Master in Business Administration (MBA) from the Manchester Business School, University of Manchester in 1978.

Whilst in the Civil Service, he was conferred the Public Administration Medal (Gold) in 1990. In 1991, he was conferred the Commandeur dans l'Ordre des Palmes Academiques by the Government of France.

For his contributions in serving the community, he was conferred the Public Service Medal (2004) and the Public Service Star (2009) by the Government of Singapore.

Mr Er is a Senior Accredited Director (SID), a Fellow of the Institute of Engineers Singapore, and a Fellow of the Chartered Institute of Marketing, United Kingdom.

THE MANAGEMENT TEAM

MR WANG ZHUO
CHIEF EXECUTIVE OFFICER

MR WANG ZHUO as the Company's Chief Executive Officer is responsible for overall operations, corporate affairs and business developments of the Company and its subsidiaries.

PERFORMANCE REVIEW

FINANCIAL REVIEW

Comprehensive Statement of Income

On 8 December 2023, the Company announced a change of financial year end from 30 June to 31 December. As such, the comprehensive statement of income below covers the 18-month period from 1 July 2022 to 31 December 2023 and its comparative preceding financial period from 1 July 2021 to 30 June 2022 ("**FY2022**").

In FP2023, the Group generated revenue of S$29,000, representing a significant decrease of approximately 99.4% compared to the S$5.2 million recorded in FY2022. The significant decrease in revenue was mainly attributed to the numerous issues relating to the joint venture subsidiary, Asian Eco Technology Pte. Ltd. ("**AET**") which the Group's former joint venture partner, X Diamond Capital Pte. Ltd. ("**XDC**") and XDC's appointed directors in AET had failed to address, which was announced on 17 January 2023. These issues had led to subsequent legal actions taken against XDC that had adversely impacted the operations of the core business.

As a result of the above mentioned in paragraph above, Group incurred a gross loss of S$8,000 in FP2023 as compared to a gross profit of S$51,000 in FY2022.

Other income increased by S$359,000 from S$224,000 in FY2022 to S$583,000 in FP2023. This increase was mainly due to the income recognised from the settlement agreement entered into between the Company and Mr. Deng Yiming ("**Mr. Deng**") on 13 December 2023 for the repayment of approximately S$483,000.

Administrative expenses increased by approximately S$1.9 million from approximately S$2.7 million in FY2022 to approximately S$4.6 million in FP2023. These increases were mainly attributed to (a) the increase in depreciation of property, plant and equipment of approximately S$0.5 million, (b) the increase in recurring professional fees of approximately S$0.6 million, and (c) the increase in staff costs by approximately S$0.8 million.

Loss allowance on trade and other receivables increased by S$0.7 million was mainly due to the provision of loss allowance in respect of payment to vendor for purchase of inventories and the outstanding balance owing by Mr. Deng pursuant to the settlement agreement between the Company and Mr. Deng as announced by the Company on 13 December 2023.

Impairment loss on property, plant and equipment increased by approximately S$4.1 million in FP2023 was mainly due to impairment loss recognised during the financial period.

Other expenses increased by approximately S$2.2 million from approximately S$0.3 million in FY2022 to approximately S$2.5 million in FP2023. These increases in other expenses were mainly due to:

(a) property, plant and equipment written off of S$0.6 million,

(b) written off of inventories of S$0.5 million,

(c) the increase in foreign exchange loss of approximately S$0.3 million,

(d) the increase in non-recurring legal and professional fees of approximately S$0.7 million incurred, mainly for matters relating to legal fees for the legal proceedings against XDC and other parties and professional fees for other corporate actions,

(e) loss on disposal of property, plant and equipment of approximately S$0.1 million, and

(f) increase in miscellaneous expenses of approximately S$0.1 million.

Finance costs increased by S$10,000 in FP2023 in comparison to FY2022 due to the amortization of interest expense from lease liabilities.

As a result of the above, the Group recorded a net loss of approximately S$11.5 million in FP2023, as compared to a net loss of approximately S$2.6 million FY2022. The increase in losses were mainly due to the absence of revenue as well as the increased operating costs of the lab-grown diamond factory, and the write down of plant and machinery, provision for inventory loss and professional fees arising from issues with XDC.

For FP2023, the Group recorded a gain in foreign currency translation difference of approximately S$177,000 as compared to a loss of S$183,000 in FY2022 due to the strengthening of Singapore Dollar against the RMB and USD.

PERFORMANCE REVIEW

FINANCIAL POSITION

Property, plant and equipment decreased by approximately S$5.3 million from S$6.4 million as at 30 June 2022 to approximately S$1.1 million as at 31 December 2023, mainly due to (a) the provision of impairment loss on property, plant and machinery of approximately S$4.1 million, (b) the depreciation of S$0.7 million, (c) disposal of property, plant and equipment of carrying amount of S$0.4 million (d) property, plant and equipment written off of S$0.6 million and (e) adjustment on cost of property, plant and equipment in respect of modification of Right of Use Asset under SFRS(I)116 – Lease. These were slightly offset by the additions to property, plant and equipment of approximately S$0.8 million during the current financial period.

Inventories consisted of (a) diamond seeds and raw materials for production use and (b) loose diamonds as at 31 December 2023. Inventories had decreased by S$483,000 as at 30 June 2022 compared to S$ nil as at 31 December 2023, mainly due to lower purchases and production which is in line with lower revenue as well as allowance and written off of inventories during FP2023.

Trade and other receivables had decreased by S$73,000 from S$285,000 as at 30 June 2022 compared to S$212,000 as at 31 December 2023. The decrease in trade and other receivables was mainly due to to provision of loss allowance in respect of payment to vendor for purchase of inventories and the outstanding balance owing by Mr. Deng pursuant to the settlement agreement between the Company and Mr. Deng as announced on 13 December 2023.

Lease liabilities had decreased by S$771,000 from S$788,000 as at 30 June 2022 compared to S$17,000 as at 31 December 2023. The decrease in lease liabilities was mainly due to the payment of leases during the current financial period and adjustment on lease liabilities in respect of modification of lease under SFRS(I)116 – Lease.

Trade and other payables had increased by S$245,000 from S$642,000 as at 30 June 2022 compared to S$887,000 as at 31 December 2023. These increases were mainly due to (a) an increase in sundry creditors relating to legal and professional fees, and (c) an increase in accrued professional fees, which in total, is slightly offset by a decrease in accruals of staff costs and overprovision of directors' fees.

The Group incurred a negative working capital of S$655,000 as at 31 December 2023 compared to a positive working capital of approximately S$6.0 million as at 30 June 2022 as a result of the aforementioned.

CASH FLOW

Net cash of approximately S$5.0 million was used in operating activities of the Group for FP2023 as compared to approximately S$3.1 million used in FY2022. This was mainly attributed to (a) the loss before tax of approximately S$11.5 million, (b) adjustments for the depreciation of property, plant and equipment of approximately S$0.7 million, (c) impairment of property, plant and equipment of approximately S$4.1 million, (d) property, plant and equipment written off of S$0.6 million, (e) impairment on receivables of approximately S$0.7 million, (f) writing off on inventories of approximately S$0.5 million, (g) write off of inventories of S$0.2 million (h) unrealised foreign exchange loss of approximately S$0.3 million, (f) decrease in inventories of approximately S$0.2 million, which is partially offset by the increase in trade and other receivables of approximately S$0.6 million and trade and other payables of approximately S$0.3 million.

Net cash of approximately S$0.5 million was used in investing activities of the in FP2023. This was mainly due to the purchase of property, plant and equipment of approximately S$0.8 million which is slightly offset by the proceeds from the disposal of property, plant and equipment of approximately S$0.3 million.

Net cash of approximately S$0.4 million used in financing activities of the Group in FP2023. This was mainly due to payment of lease liabilities during the financial period.

As a result of the above, the Group's cash and cash equivalents as of 31 December 2023 decreased by approximately S$5.9 million from approximately S$6.1 million as at 1 July 2022 to S$51,000 as at 31 December 2023, after taking into consideration the loss due to effect of currency translation on cash and cash equivalents of S$0.1 million.

The Group raised approximately S$1.61 million in the past few months after the conclusion of FP2023 through a combination of (i) an equity share placement of approximately S$612,000 and (ii) a debt of S$1.0 million in a form of interest-free loan. These funds are intended for general corporate and working capital purposes, to improve the Group's cash flow, supporting working capital requirements of the Group, and to bolster the Group's financial position.

CORPORATE **GOVERNANCE REPORT**

The Board of Directors (the "**Board**" or the "**Directors**") of Metech International Limited ("**Metech**" or the "**Company**" and together with its subsidiaries, the "**Group**") is committed to achieving and maintaining a high standard of corporate governance within the Group. The Company recognises that good corporate governance provides the foundation for growth and enhancing investors' confidence.

The Board is committed to complying with the principles and provisions in the revised Code of Corporate Governance 2018 (the "**Code**") and the accompanying practice guidance issued in August 2018, which formed part of the continuing obligations of the listing rules of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") and to continually review and improve its practices.

The Company had, on 8 December 2023, announced the change of the financial year end from 30 June to 31 December. Accordingly, this report covers a period of 18 months which describes the Group's corporate governance structures and practices that were in place throughout the financial period 1 July 2022 to 31 December 2023 ("**FP2023**"), with specific reference made to the principles and provisions of the Code.

The Board is pleased to confirm that for FP2023, the Group has adhered to the principles set out in the Code. In so far as any provision of the Code has not been complied with, the reason and relevant explanation has been provided.

BOARD MATTERS
The Board's Conduct of Affairs

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

Provisions of the Code		Metech Corporate Governance Practices
1.1	Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.	The Board is collectively responsible for the stewardship of the Group and is primarily responsible for the preservation and enhancement of long-term value and returns for the shareholders. During FP2023, the Board has worked diligently to fulfill their primary responsibilities as follows: (a) provide leadership, set strategic directions and ensure that the necessary financial and human resources are in place for the Company to meet its objectives; (b) set an appropriate tone from the top and desired organisational culture and ensures proper accountability within the Company; (c) ensure that a framework of prudent and effective controls is established to enable risks to be assessed and managed, including the safeguarding of shareholders' interests and the Company's assets;

CORPORATE **GOVERNANCE REPORT**

		(d) review and guide the performance of the Management; (e) ensure that the Company's values and standards are upheld and that obligations to shareholders and other stakeholders are met; (f) consider sustainability issues as part of its strategic formulation; and (g) identify key stakeholder groups and recognise that their perceptions affect the Company's reputation. The Directors have the appropriate core competencies and diversity of experience to enable them to contribute effectively. They can objectively raise issues and seek clarification from the Board and the Management as and when necessary, on matters pertaining to their area of responsibilities. Each Director is required to promptly disclose any conflict or potential conflict of interest in relation to a transaction or proposed transaction. On an annual basis, each Director is also required to submit details of his associates for purposes of monitoring interested person transactions. In addition, the Constitution of the Company restricts a Director to vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall also not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	To the best of their abilities, all Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

CORPORATE **GOVERNANCE REPORT**

		The Board is kept up to date on pertinent business developments in the business, including the key changes in the relevant regulatory requirements and financial reporting standards, risk management, corporate governance and industry. The Directors are periodically furnished with information concerning the Group so that they can be kept up to date on the performance of the Group, and the decisions and actions taken by the Management. On an ongoing basis, the Company updates the Directors regarding developments in new laws and regulations or changes in regulatory requirements and financial reporting standards or corporate governance practices or news articles which are relevant to or may affect the businesses of the Group. In addition, the Company encourages the Directors to be members of the Singapore Institute of Directors ("**SID**"), and for them to receive updates and training from SID, as well as to attend relevant courses and seminars, so that they can stay abreast and be apprised of developments in the financial, legal and regulatory requirements and the business environment, at the Company's expense. For newly appointed directors, the Company will conduct an orientation programme to provide them with extensive background information about the Group's structure and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The orientation programme gives the Directors an understanding of the Group's businesses to enable them to assimilate into their new role. For new Directors with no prior experience of an issuer listed on SGX-ST, the Company ensures that they undergo training in the roles and responsibilities of a Director of a listed company within one (1) year from the date of his or her appointment to the Board as prescribed by SGX-ST.

CORPORATE GOVERNANCE REPORT

		The details of update sessions, seminars, conferences and training programmes attended by the Directors collectively in FP2023 include: • briefing by the external auditors, Moore Stephens LLP to, the AC and the Board on the developments in financial reporting and governance standards; • updates provided by the Chief Executive Officer to the Board at each meeting on the business and strategic developments pertaining to the Group's business; • Environmental, Social and Governance Essentials course held by SID; • the mandatory courses under the 'Listed Entity Directors Programme' held by SID, which were completed by Ms. Lucy Yow Su Chin; and • Mr. Wang Zhuo had completed the Environmental, Social and Governance Essentials course conducted by SID. However, Mr. Wang Zhuo was unable to complete the mandatory training for a director with no prior experience as a director of an issuer listed on the SGX-ST, prescribed under Practice Note 4D of the Catalist Rules, within the prescribed one year from the date of his appointment to the Board.

CORPORATE **GOVERNANCE REPORT**

1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.	The Company has in place internal guidelines which specify the corporate matters that require the approval of the Board and these internal guidelines have been clearly communicated to the Management in writing. They include the following: (a) approval of financial results and all announcements; (b) approval of the annual report and financial statements; (c) convening of shareholders' meeting; (d) approval of change of corporate strategies including significant acquisitions and disposals and funding of investments; (e) authorisation of new banking facilities and declaration of interim and/or proposal of final dividends; (f) overseeing the process for risk management, financial reporting and compliance, and evaluating the adequacy of internal controls, as may be recommended by the Audit Committee ("**AC**"); (g) reviewing the performance of the Management, approving the nominees to the Board and the appointment of key management personnel, as may be recommended by the Nominating Committee ("**NC**"); (h) reviewing and endorsing the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee ("**RC**");

CORPORATE GOVERNANCE REPORT

		(i) reviewing and endorsing corporate policies in keeping with good corporate governance and business practices; and (j) considering sustainability issues, e.g. environmental, social and governance factors, as part of the strategic formulation. The Company has also devised and adopted a set of internal controls and guidelines that set out the financial authorisation regime and approval limits for borrowings, including off-balance sheet commitments, investments, acquisitions, disposals, capital and operating expenditures, requisitions, and expenses. Under the financial authorisation regime and approval limits, approval sub-limits are provided at management level to facilitate operational efficiency.
1.4	Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.	To assist the Board in discharging its oversight functions and to enhance the Company's corporate governance framework, various Board Committees, namely the AC, the RC and the NC have been constituted with clearly defined written terms of reference. These terms of reference are reviewed on a regular basis, along with the committee structures and membership, to ensure their continue relevance, taking into consideration the changes in the governance and legal environment. Any change to the terms of reference of any Board Committee requires the written approval of the Board. All Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The Directors are invited to attend meetings of the Board Committees. The Board acknowledges that while the Board Committees have the authority to examine issues and report back to the Board with their decisions and recommendations, the ultimate responsibility on all matters lies with the Board. The terms of reference and the activities of the respective Board Committees are set out in the various Principles in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

Composition of Board and Board Committees

Following the reconstitution of the Board and Board Committees during FP2023, as at 31 December 2023, the Board comprised five (5) Directors, three (3) of whom were Independent Directors, and the composition of the Board and Board Committees on such date was:

NAME OF DIRECTOR	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Chng Hee Kok[(1)] (Independent Non-Executive Chairman)	Member	Member	Member
Wang Zhuo (Executive Director and Chief Executive Officer)	–	–	–
Er Kwong Wah[(2)] (Independent Director)	Chairman	Member	Member
Lucy Yow Su Chin[(3)] (Independent Director)	Member	Chairman	Member
Zhang Keke[(4)] (Independent Director)	Member	Chairman	Chairman
Long Zheng[(5)] (Independent Director)	Chairman	Member	Member
Ng Cheng Huat[(6)] (Non-Independent Non-Executive Chairman)	Member	Member	Member

Notes:

(1) Mr. Chng Hee Kok was appointed to the Board as Independent Non-Executive Director on 9 November 2023 and had stepped down as Independent Non-Executive Director with effect from 13 June 2024.

(2) Mr. Er Kwong Wah was appointed to the Board as Independent Director on 9 November 2023.

(3) Ms. Lucy Yow Su Chin was appointed to the Board as an Independent Director on 22 September 2023

(4) Mr. Zhang Keke stepped down as Independent Director on 22 November 2023.

(5) Mr. Long stepped down as Independent Director on 22 November 2023.

(6) Mr. Ng Cheng Huat was removed as a Director of the Company by shareholders via an ordinary resolution passed at the extraordinary general meeting held on 11 May 2024.

CORPORATE **GOVERNANCE REPORT**

As at the date of this report, the Board comprises four (4) Directors, three (3) of whom are Independent Directors. The composition of the Board and Board Committees are as follows:

NAME OF DIRECTOR	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE
Wang Zhuo (Executive Director & Chief Executive Officer)	–	–	–
Er Kwong Wah (Independent Director)	Chairman	Member	Member
Lucy Yow Su Chin (Independent Director)	Member	Chairman	Member
Hwang Kin Soon Ignatius[1] (Independent Director)	Member	Member	Chairman

Note:

(1) Mr. Hwang Kin Soon Ignatius was appointed to the Board as Independent Director on 20 May 2024.

Details of the Directors' shareholdings in the Company and its related corporations as of 14 June 2024 are disclosed in the "Directors' Statement" section of this annual report.

1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	The Board meets regularly and is provided with relevant updates and information. The dates of meetings of all the Board and Board Committee meetings as well as the Annual General Meeting ("**AGM**") are scheduled well in advance each year, in consultation with the Board. When a physical meeting is not possible, timely communication with members of the Board can be achieved through teleconferencing and videoconferencing facilities, which is allowed under the Company's Constitution. Besides formal meetings, the Board and Board Committees also make decisions through circulating resolutions.

CORPORATE GOVERNANCE REPORT

		The Board held three (3) scheduled meetings in FP2023. Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by circumstances. To ensure adequate independent views, it is a practice for all Board meetings to require at least one Independent Director to be present as part of the quorum. All Directors are required to declare their directorships. When a Director has multiple directorships, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company, after taking into consideration the number of directorships and other principal commitments. Although some of the Directors have multiple directorships, the NC is satisfied that the Directors are still able to devote sufficient time and attention to the matters of the Company in discharging their obligations and duties towards the Company. The Board has not set the maximum number of directorships a Director may hold because each Director would be able to manage and assess his own capacity and ability to take on obligations or commitments when serving on the Board. In addition, the Board is of the view that setting a maximum number of directorships would not be meaningful as the contributions of the Directors would depend on many factors and their respective varied capabilities.

CORPORATE GOVERNANCE REPORT

Board and Board Committees Meetings and Attendance

The attendance of the Directors at the scheduled Board and Board Committees meetings during FP2023 is set out below:

NAME OF DIRECTOR	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATING COMMITTEE	GENERAL MEETINGS
No. of meetings held	3	3	1	1	2
No. of meetings attended:					
Chng Hee Kok[(1)] (Independent Director)	1	1	1	1	–
Wang Zhuo[(2)] (Executive Director & Chief Executive Officer)	1	1 (by invitation)	1 (by invitation)	1 (by invitation)	–
Er Kwong Wah (Independent Director)	–	–	–	–	–
Lucy Yow Su Chin (Independent Director)	–	–	–	–	–
Ng Cheng Huat[(3)] (Non-Independent Non-Executive Director)	2	2	1	1	–
Zhang Keke[(4)] (Independent Director)	2	2	1	1	–
Long Zheng[(5)] (Independent Director)	1	1	1	1	–
Chay Yiowmin[(6)] (Independent Non-Executive Chairman)	1	1	1	1	2
Samantha Hua Lei[(7)] (Executive Director & Chief Executive Officer)	2	2 (by invitation)	1 (by invitation)	1 (by invitation)	2
Ricky Sim Eng Huat[(8)] (Independent Director)	1	1	1	1	2
Tan Siji Macarthur[(9)] (Non-Executive Non-Independent Director)	–	–	–	–	–

Notes:

(1) Mr. Chng Hee Kok was not re-appointed as Independent Director on 21 October 2022. However, Mr. Chng was re-appointed to the Board as Independent Non-Executive Chairman and a member of the Audit Committee, Nominating Committee and Remuneration Committee with effect from 9 November 2023 and had stepped down as Independent Non-Executive Chairman with effect from 13 June 2024.

(2) Mr. Wang Zhuo was appointed as Executive Director and Chief Operating Officer with effect from 28 March 2023. With effect from 30 May 2023, Mr Wang was re-designated as Executive Director and Chief Executive Officer and appointed as a member of the Remuneration Committee. With effect from 21 October 2023, Mr. Wang ceased to be a member of the Remuneration Committee.

CORPORATE GOVERNANCE REPORT

(3) Mr. Ng Cheng Huat was appointed as Non-Independent Non-Executive Chairman and a member of the Audit Committee and Nominating Committee with effect from 8 February 2023. With effect from 30 May 2023, Mr. Ng was also appointed as a member of Remuneration Committee. With effect from 9 November 2023, Mr. Ng stepped down as Non-Independent Non-Executive Chairman and ceased to be a member of the Audit Committee, Nominating Committee and Remuneration Committee. Mr. Ng remained on the Board as Non-Independent Non-Executive Director. Mr Ng was removed as a Director of the Company by shareholders via the ordinary resolution passed at the extraordinary general meeting held on 11 May 2024.

(4) Mr. Zhang Keke was appointed as Independent Director and Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee with effect from 16 January 2023. With effect from 22 November 2023, Mr. Zhang stepped down as Independent Director of the Company. Accordingly, Mr. Zhang ceased to be part of the Nominating Committee, Audit Committee and Remuneration Committee.

(5) Mr. Long Zheng was appointed as Independent Director and Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee with effect from 9 March 2023. With effect from 22 November 2023, Mr. Long stepped down as Independent Director of the Company. Accordingly, Mr. Long ceased to be part of the Audit Committee, Nominating Committee and Remuneration Committee.

(6) Mr. Chay Yiowmin stepped down as Independent Non-Executive Chairman with effect from 17 January 2023.

(7) Ms. Samantha Hua Lei stepped down as Executive Director with effect from 30 March 2023 and resigned as Chief Executive Officer with effect from 30 May 2023.

(8) Mr. Ricky Sim Eng Huat retired as Independent Director with effect from 21 October 2022.

(9) Mr. Tan Siji Macarthur stepped down as Non-Executive Non-Independent Director of the Company with effect from 12 July 2022.

1.6	Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.	The Directors are periodically furnished with information concerning the Group so that they can be kept up to date on the performance of the Group, as well as the decisions and actions taken by the Management. The Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's businesses and operations. Board and Board Committees papers are circulated to the Directors ahead of meetings to allow Directors sufficient time to review and consider the matters to be discussed so that discussions can be more meaningful and productive. Where necessary, other members of the Management or external consultants engaged or external parties, by way of invitation, for a specific project or discussion will be available during the meetings to address queries and provide additional information or advice to the Board, where the Board thinks fit.

CORPORATE GOVERNANCE REPORT

1.7	Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board.	The Directors have separate and independent access to the Management and the Company Secretary at all times through email, telephone, electronic communication or face-to-face meetings. Under the direction of the Chairman, the Company Secretary ensures timely and good information flows within the Board and its Board Committees and between the Management and Independent Directors. The appointment and the removal of the Company Secretary are subject to the approval of the Board. The Directors, whether individually or collectively, in furtherance of their duties, can seek legal and other independent professional advice concerning any aspect of the Group's operations or undertakings, at the Company's expense.

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.

Provisions of the Code		Metech Corporate Governance Practices
2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.	Each Independent Director is required to complete a Confirmation of Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors must also confirm whether they have any relationships as stated in the Code that would otherwise deem any of them not to be independent. The Board and NC will review the independence of Directors based on the guidelines defined in the Code and the Catalist Rules, and any other salient factors. In its review, the NC will consider the nature of relationships and circumstances that could influence the judgments and decisions of the Directors prior to obtaining approval from the Board.

		Based on the respective confirmations and results of the NC's review, the NC is satisfied that in FP2023, the Independent Directors comply with Provision 2.1 of the Code and do not fall under any of the circumstances set out in Catalist Rule 406(3)(d). None of the Independent Directors have served the Company for a period exceeding nine (9) years.
2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	Independent directors make up majority of the Board, and the Chairman of the Board is independent. As at 31 December 2023, the Board comprised three (3) Independent Directors (including the Chairman), one (1) Non-Independent Non-Executive Director and one (1) Executive Director and Chief Executive Officer. As such, the Company is in compliance with Provision 2.2 of the Code. As at the date of this report, the Board comprised three (3) Independent Directors and one (1) Executive Director and Chief Executive Officer.
2.3	Non-executive directors make up a majority of the Board.	As at 31 December 2023, the Board comprised one (1) Executive Director and Chief Executive Officer, one (1) Non-Independent Non-Executive Director and three (3) Independent Directors. Accordingly, Non-Executive Directors made up a majority of the Board, in compliance with Provision 2.3 of the Code. As at the date of this report, the Board comprised one (1) Executive Director and Chief Executive Officer and three (3) Independent Directors.

CORPORATE GOVERNANCE REPORT

2.4	The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	The profile of the Directors and key information are set out on Provision 4.5 of this Corporate Governance Report and the section entitled "Board of Directors" of this Annual Report. The NC is responsible for examining the size and composition of the Board and Board Committees. The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with complementary skills and core competencies and experience for the Group, regardless of gender. The NC annually reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board whilst taking into account the scope and nature of the Group's businesses. This assists the NC in identifying and nominating suitable candidates for appointment to the Board. The NC is satisfied that the current Board has the right mix of talent with proven track records and requisite experience in their respective areas of expertise to steer the Company in achieving its strategic goals. The Company, following the recommendations of the NC, endorsed a Board Diversity Policy in FP2023. This policy reflects the Company's recognition of diversity as a crucial element in achieving its strategic objective and fostering sustainable development of the Company. The Company believes that diversity enhances the decision-making capacity of the Board, making it more effective in responding to organisational changes. Having diverse perspectives enhances Board discussions, ensuring that the decisions made by the Board have been thoroughly considered from all points of view.

CORPORATE GOVERNANCE REPORT

		The NC of the Company is responsible for reviewing and assessing the Board composition on behalf of the Board, and for recommending the appointment of new Directors. When assessing the Board's composition, the NC considers the advantages of diversity in various aspects including, but not limited to, age, gender, cultural and educational backgrounds, ethnicity, professional expertise, skills, knowledge, length of service, and any other factors that the Board may consider relevant and applicable from time to time, in order to maintain an appropriate range and balance of skills, experience and background on the Board. The Board is of the view that while it is important to promote boardroom diversity in terms of gender, age and ethnicity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience, and knowledge to strengthen the Board should remain a priority. While the policy does not establish specific targets for female directors on the Board, the Company is committed to actively seeking opportunities to include female directors as and when opportunity arises. On 22 September 2023, the Board welcomed Ms. Lucy Yow Su Chin as an Independent Director. The same approach applies to achieving age diversity on the Board. The Company aims to diversify the age range among Directors as opportunities arise. The Company refrains from imposing age limits on its Directors, recognising that many Directors are highly experienced professionals in their respective fields, capable of making significant contributions to the Board's guidance of the Company. The Board is fully committed to promoting age diversity and acknowledges the value each member brings, regardless of age, and seeks to combat age stereotyping and discrimination to create an inclusive environment. The Company also does not establish specific targets for ethnic diversity within the Board, however, it will actively work towards achieving appropriate ethnic diversity among Directors as and when the opportunity arises.

CORPORATE **GOVERNANCE REPORT**

		Nevertheless, the Company believes that the Board is sufficiently diverse, having considered, among others, the diversity of skills, experience, knowledge, and gender of its current Directors. The NC will review the Board Diversity Policy periodically, and where appropriate, in order to ensure its effectiveness, will recommend appropriate revisions to the Board. Each Director has been appointed based on his calibre and experience and is expected to bring his knowledge and experience in his field of expertise to contribute to the development of the Group's strategy and the performance of its businesses. The Board will continue to review its composition and size to ensure optimal balance in the membership of the Board.
2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	The views and opinions of the Non-Executive Directors provide alternate perspectives to the Group's businesses and they bring independent judgment on business activities and transactions involving conflicts of interest and other complexities. Where necessary, the Company co-ordinates informal meetings for the Non-Executive Directors and Independent Directors without the presence of the Management to review matters such as Board effectiveness and Management's performance. The Non-Executive Directors and Independent Directors had met and discussed with the external auditors once in the absence of key management personnel in FP2023.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ***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.***		
Provisions of the Code		**Metech Corporate Governance Practices**
3.1	The Chairman and the Chief Executive Officer ("**CEO**") are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	The Chairman of the Board and the Chief Executive Officer are separate individuals who are not related to each other. There is also a balance of power and authority in view that the Board Committees are chaired by Independent Directors of the Company.
3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	**Chairman of the Board** The Chairman of the Company is responsible for the effective conduct of Board meetings. The Chairman's responsibilities in respect of Board proceedings include: (a) leading the Board to ensure its effectiveness in all aspects of its role; (b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues; (c) promoting a culture of openness and debate at the Board; (d) ensuring that the Directors receive complete, adequate and timely information; (e) ensuring effective communication with shareholders; (f) encouraging constructive relations within the Board and between the Board and Management; (g) facilitating the effective contribution of Non-Executive Directors in particular; and (h) promoting high standards of corporate governance.

		Chief Executive Officer The Chief Executive Officer of the Company, together with the Management, is responsible for: (a) developing, with the Board, a consensus for the Company's vision and mission; (b) developing and implementing the strategic plan set by the Board; (c) providing strong leadership and effective day-to-day management of the Company to deliver the plan; (d) driving a culture of compliance and ethical behaviour; and (e) ensuring that the Board is informed about key company activities and issues.
3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	As at 31 December 2023, the Chairman of the Board was Mr. Chng Hee Kok ("**Mr. Chng**"), an independent director who was appointed on 9 November 2023. Therefore, the Company is in compliance with Provision 3.3. On 13 June 2024, Mr. Chng had resigned as an Independent Director of the Company, and consequently, Mr. Chng had ceased to be the Chairman of the Board. The Board will discuss on the appointment of a new Chairman of the Board and will make the necessary announcement(s) in due course. The Chairman of the Board plays an important role in facilitating the contribution of the Directors and encourages constructive relations with the Board and between the Board and the Management, as well as to ensure effective communication between the Company and its shareholders. He is the point of contact for shareholders in situations where there are concerns or issues and contact through the normal channels with the Management has failed to resolve the concerns or issues, or where such communication is inappropriate. Notwithstanding the cessation of Mr. Chng as the Chairman of the Board, shareholders may in the interim, voice any concerns to the Board via email at shareholder@metechinternational.com and/or by post to the Company's registered address at 2 Venture Drive, #08-10 Vision Exchange, Singapore 608526.

CORPORATE **GOVERNANCE REPORT**

		All directors individually and collectively are available to shareholders as a channel of communication between shareholders and the Board. As of the date of this report, a majority of the board members are independent. As such, a lead independent director may not be required at this stage. Nonetheless, the Board will review the need for the appointment of a lead independent director periodically. To enable independent decision making of the Board and to ensure that there is an appropriate balance of power and authority on the Board, the Independent Directors are responsible for providing a non-executive perspective to the activities of the Group and contributing a balanced viewpoint to all Board deliberations. There were no queries or requests received on any matters which required the Independent Directors' attention in FP2023.

BOARD MEMBERSHIP

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

Provisions of the Code		Metech Corporate Governance Practices
4.1	The Board establishes a Nominating Committee ("**NC**") to make recommendations to the Board on relevant matters relating to: (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;	The primary functions of the NC in accordance with its terms of reference are, *inter alia*, as follows: (a) to make recommendations to the Board on relevant matters relating to the review of board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the Chief Executive Officer and key management personnel;

	(b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programmes for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any).	(b) to make recommendations to the Board on the process to evaluate the performance of the Board, its Board Committees and Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and will propose objective performance criteria to address how the Board has enhanced long-term shareholder value; (c) to implement the process to assess the effectiveness of the Board as a whole and its Board committees, and to assess the contribution of the Chairman of the Board and each individual Director to the effectiveness of the Board and to each Board committee; (d) to review and determine annually, and as and when circumstances require, the independence of a Director in accordance with the definition of independence in the Code, together with any other salient factors; (e) to review the composition of the Board annually to ensure that the Board and the Board Committees comprise of Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge to the Company and provide core competencies such as accounting or finance, business or management experience, commercial and corporate legal, industry knowledge, strategic planning experience, and customer-based experience and knowledge to the Company;

CORPORATE GOVERNANCE REPORT

		(f) where a Director has multiple directorships, to decide whether the Director is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration, *inter alia*, the number of directorships and other principal commitments of the Director; (g) where new Directors are appointed with no prior experience of an issuer listed on SGX-ST, the NC ensures that they undergo training in the roles and responsibilities of a Director of a listed company; (h) to ensure that the Directors undergo mandated training and professional development programmes for Directors; and (i) to make recommendation on the appointment of Directors (including alternate Directors). In respect of re-nominations of Directors who are retiring by rotation for re-election by shareholders, to have regard to the Director's contribution and performance (e.g. his attendance, preparedness, participation, and candour).
4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	Following the reconstitution of the Board and Board Committees during FP2023, as at 31 December 2023, the NC comprised of three (3) directors, of which all members are Independent Directors. The members of the NC were as follows: Ms. Lucy Yow Su Chin Mr. Chng Hee Kok Mr. Er Kwong Wah Following the appointment of Mr. Hwang Kin Soon Ignatius as an Independent Director of the Company on 20 May 2024, Mr. Hwang Kin Soon Ignatius was also appointed as the Chairman of the NC. As such, as at the date of this report, all members of the NC are Independent Directors and the composition of the NC is as follows: Mr. Hwang Kin Soon Ignatius (Chairman) Mr. Er Kwong Wah Ms. Lucy Yow Su Chin

4.3	The company discloses the process for the selection, appointment and reappointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.	***Process for selection and appointment of New Directors*** The NC is responsible for identifying candidates and reviewing all nominations for the appointment of Directors. The criteria for the appointment of Directors is driven by the need to position and shape the Board according with the requirements of the Group, its vision, mission, and business goals. In recommending new Directors, if any, the NC relies mainly on the contacts and network of the entire Board. However, the NC may engage the services of external recruitment companies, if necessary. The Board, with the help of the NC, looks into the background, skill sets, career experience and professional qualifications of a candidate to determine whether he or she is able to contribute to the growth of the Group. The Board places particular attention on his or her past achievements to determine whether he or she can enhance the quality and robustness of the decision-making process of the Board. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before recommending the most suitable candidate to the Board for approval and appointment as a Director of the Company.

CORPORATE GOVERNANCE REPORT

		Process for Re-appointment of Directors All Directors submit themselves for renomination and re-election at regular intervals. Under the Constitution, each Director shall retire from office at least once every three (3) years and a retiring Director shall be eligible for re-election. Pursuant to Regulation 89 of the Company's Constitution, one-third of the Board is to retire from office by rotation and be subject to re-appointment at the Company's AGM. In addition, Regulation 88 of the Company's Constitution stipulates that a Director newly appointed by the Board shall only hold office until the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three (3) years at the Company's AGM. In assessing whether the Director should be recommended for re-election, the NC would assess the performance of the Director in accordance with the performance criteria set by the Board; review the annual evaluations done by the Board, Board Committees and individual Directors; and assess the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-election of the Director to the Board for its consideration and approval. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution in respect of the assessment of his re-nomination as a Director of the Company. The Board recognises the contribution of its Independent Directors who over time have developed deep insight into the Group's businesses and operations and who are therefore able to provide invaluable contributions to the Group. As such, the Board has not set a fixed term of office for each of its Independent Directors so as to be able to retain the services of the Directors as necessary.

CORPORATE GOVERNANCE REPORT

		As all the Directors were appointed in FP2023, every Director will be retiring under Regulation 88 of the Company's Constitution at the forthcoming AGM of the Company. Ms. Lucy Yow Su Chin, Mr. Er Kwong Wah and Mr. Hwang Kin Soon Ignatius have indicated their willingness to seek re-election at the forthcoming AGM of the Company. Mr. Wang Zhuo has decided not to seek re-election as a Director of the Company at the forthcoming AGM of the Company. On 13 June 2024, Mr. Wang Zhuo had also resigned as the Chief Executive Officer of the Company, effective 28 June 2024. The Board will discuss the appointment of the new Chairman of the Board, and the Company will be seeking potential candidate(s) for the role of Chief Executive Officer of the Company. The Company will make the necessary announcement(s) in due course. Please refer to the table set out under Provision 4.5 of the Corporate Governance report and the section entitled "Board of Directors" in this Annual Report on information relating to Ms. Lucy Yow Su Chin, Mr. Er Kwong Wah and Mr. Hwang Kin Soon Ignatius as set out in Appendix 7F of the Catalist Rules, pursuant to Rule 720(5) of the Catalist Rules.
4.4	The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.	The NC is responsible for determining the independence of the Directors as set out under Provision 2.1 above. The Board, after taking into consideration the views of the NC, is of the view that its Independent Directors as at 31 December 2023 and as at the date of this report are independent and that no individual or small group of individual dominates the Board's decision-making process and none of them have any relationships as stated in the Code that would otherwise deem any of them not to be independent. During FP2023, there was no alternate Director on the Board.

CORPORATE GOVERNANCE REPORT

4.5	The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	The NC ensures that new Directors are aware of their duties and obligations. For re-nomination and re-appointment of Directors, the NC takes into consideration the competing time commitments faced by Directors and their ability to devote appropriate time and attention to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings. The NC and the Board are satisfied that all the Directors were able to and have been adequately carrying out their duties as Directors of the Company in FP2023. Each Director's company directorships and principal commitments can be found in the Board of Directors Profile in the Annual Report.

The following additional information on Mr. Er Kwong Wah, Ms. Lucy Yow Su Chin and Mr. Hwang Kin Soon Ignatius who are seeking re-election as Director, is to be read in conjunction with their respective biography under the section entitled "Board of Directors".

Details	**Er Kwong Wah**	**Lucy Yow Su Chin**	**Hwang Kin Soon Ignatius**
Date of Appointment	9 November 2023	22 September 2023	20 May 2024
Date of last re-appointment (if applicable)	Not applicable	Not applicable	Not applicable
Age	78	50	60
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board, having considered the recommendation of the NC and having reviewed and considered the qualifications, working experience and suitability of Mr. Er Kwong Wah ("**Mr. Er**"), (1) is of the view that Mr. Er has the requisite experience and capability to assume the responsibility as Independent Director of the Company and (2) believes that he will be able to provide greater balance of diversity of skills, experience and knowledge amongst the Board. Further, the Board also considers Mr. Er to be independent for the purpose of Rule 704(7) of the Catalist Rules. Accordingly, the Board approved the appointment of Mr. Er as an Independent Director of the Company.	The Board, having considered the recommendation of the NC and having reviewed and considered the qualifications, working experience and suitability of Ms. Lucy Yow Su Chin ("**Ms. Yow**"), (1) is of the view that Ms. Yow has the requisite experience and capability to assume the responsibility as Independent Director of the Company and (2) believes that she will be able to provide greater balance and diversity of skills, experience and knowledge amongst the Board. Further, the Board also considers Ms. Yow to be independent for the purpose of Rule 704(7) of the Catalist Rules. Accordingly, the Board approved the appointment of Ms. Yow as an Independent Director of the Company.	The Board, having considered the recommendation of the NC and having reviewed and considered the qualifications, working experience and suitability of Mr. Hwang Kin Soon Ignatius ("**Mr. Hwang**"), is of the view that Mr. Hwang has the requisite experience and capability to assume the responsibility as Independent Director of the Company and believes that he will be able to provide greater balance and diversity of skills, experience and knowledge amongst the Board. Further, the Board also considers Mr. Hwang to be independent for the purpose of Rule 704(7) of the Catalist Rules. Accordingly, the Board approved the appointment of Mr. Hwang as an Independent Director of the Company.

CORPORATE **GOVERNANCE REPORT**

Details	Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director of the Board, AC Chairman and a member of the NC and RC.	Independent Director of the Board, RC Chairman and a member of the AC and NC.	Independent Director of the Board, NC Chairman and a member of the AC and RC.
Professional qualifications	1. Master of Business Administration, University of Manchester; 2. Bachelor of Applied Science (Honours in Electrical Engineering), University of Toronto; 3. Life Member (Fellow), Institution of Engineers, Singapore; 4. Fellow, Chartered Institute of Marketing, United Kingdom. 5. Member, Senior Accredited Director, Singapore Institute of Directors	1. Doctor of Business Administration, Singapore University of Social Sciences; 2. Masters of Science in Applied Finance, Singapore Management University; 3. Master of Business Administration (Marketing), University of Leicester; 4. Bachelor of Social Sciences, National University of Singapore; 5. Bachelor of Arts, National University of Singapore. 6. Member, Accredited Director, Singapore Institute of Directors 7. Certified Applied ESG and Investment Advisor (WMI) 8. Chartered Fintech Professional (CFtP)	1. Bachelor of Laws, National University of Singapore; 2. Advocate and Solicitor of the Supreme Court of Singapore, The Law Society of Singapore; 3. Solicitor of UK and Wales, The Law Society of United Kingdom.

CORPORATE **GOVERNANCE REPORT**

Details	**Er Kwong Wah**	**Lucy Yow Su Chin**	**Hwang Kin Soon Ignatius**
Working experience and occupation(s) during the past 10 years	2001 to 2016 East Asia Institute of Management – Executive Director	2023 to Present Rheingold Family Office Pte. Ltd. – Head of Wealth Management 2019 to Present Hillmorton Capital Pte. Ltd. – Director Advantage Property Services Pte. Ltd. – Director Lufra Pte. Ltd. – Managing Director 2019 to 2023 Aura Group (Singapore) Pte. Ltd. – Director 2016 to 2019 DBS Private Bank – Senior Director 2007 to 2016 Bank of Singapore – Director, Team Head	Jan 2023 to Present Garnet Energie Pte. Ltd. – Founder and CEO April 2024 to Present Trowers & Hamlins LLP – Consultant May 2023 to March 2024 Magellan Law LLP – Managing Partner March 2021 to Dec 2022 McDermott Will & Emery LLP – Managing Partner Feb 2012 to Feb 2021 Squire Patton Boggs LLP – Managing Partner
Shareholding interest in the listed issuer and its subsidiaries	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

CORPORATE GOVERNANCE REPORT

Details	Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
Other Principal Commitments Including Directorships	**Past (for the last 5 years)** Director of: 1. CFM Holdings Limited 2. Chaswood Resources Holdings Ltd. 3. China Essence Group Ltd. 4. China Sky Chemical Fibre Co., Ltd. 5. Cosco Shipping International (Singapore) Co., Ltd. 6. ecoWise Holdings Limited 7. Full Apex Holdings Ltd. 8. The Place Holdings Limited 9. The Thai Prime Fund Limited. 10. USP Group Limited. **Present** Director of: 1. Luxking Group Holdings Ltd. 2. Nutryfarm International Limited 3. RHT Legal Training Institute Pte Ltd.	**Past (for the last 5 years)** Nil **Present** Director of: 1. Advantage Property Services Pte. Ltd. 2. Hillmorton Capital Pte. Ltd. 3. Lufra Pte. Ltd. 4. Optimez Pte. Ltd. 5. Wine Directions Pte. Ltd. **Principal Commitments:** 1. Rheingold Family Office Pte. Ltd.	**Past (for the last 5 years)** Director of: 1. Lumia Energy Pte. Ltd. 2. Nutryfarm International Limited **Present** Director of: 1. Moya Holdings Asia Limited 2. Moya Indonesia Holdings Pte. Ltd. 3. Moya Energy Holdings Pte. Ltd. 4. Obor Infrastructure Pte. Ltd. 5. VR Partners Pte. Ltd. 6. Nine Capital Pte. Ltd. 7. Futurestep Advisory Pte. Ltd. 8. Garnet Energie Pte. Ltd. 9. STRAYSNOMORE Limited 10. Dynamic Success Pte. Ltd. 11. Design Capital Limited

CORPORATE GOVERNANCE REPORT

Details		Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes(1).	No	No

CORPORATE GOVERNANCE REPORT

Details		Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
c.	Whether there is any unsatisfied judgment against him?	No	No	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

CORPORATE GOVERNANCE REPORT

Details		Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	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	No	No
h.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

CORPORATE GOVERNANCE REPORT

Details		Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–			
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes[(2)].	No	No
	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	No	No	No

CORPORATE GOVERNANCE REPORT

Details		Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
	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?	No	No	No
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?	Yes[3].	No	No

CORPORATE **GOVERNANCE REPORT**

Details	Er Kwong Wah	Lucy Yow Su Chin	Hwang Kin Soon Ignatius
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.
If yes, please provide details of prior experience.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.

(1) Mr. Er was an Independent Non-Executive Director of China Sky Chemical Fibre Co., Ltd. of which has been placed under the judicial management of a judicial manager pursuant to an order to be made by the Court on 14 September 2018 under Section 227B and the provisions of Part VIIIA of the Companies Act 1967.

Mr. Er was an Independent Director of USP Group Holdings Ltd. ("**USP Group**") from 1 August 2019 to 30 September 2019. After he had stepped down from USP Group, it is noted that a winding up application was made against USP Group on 8 April 2020 by Mr. Oon Koon Cheng ("**Mr. Oon**"). As Mr. Er was no longer a director of USP Group, he is not privy to the details relating to the winding up application, save for the announcements made by USP Group. Mr. Er notes that on 9 March 2021, USP Group announced that it had paid the last final instalment of S$300,000 plus interest to Mr. Oon on 16 February 2021, and the High Court of Singapore had granted leave for Mr. Oon to withdraw his winding up application against the company on 4 March 2021. For more details, please refer to USP Group's announcements dated 15 September 2020, 17 September 2020, 4 October 2020, 10 October 2020, and 1 November 2020 on SGXNET.

As an independent director of Firstlink Investments Corporation Ltd., Mr. Er also sat as an independent director on its subsidiaries, Hosted Patio Pte. Ltd. and Portico (Prime) Pte. Ltd. from 2016 to 2018, which were subject to creditors' voluntary winding up in 2018.

(2) In 2005, Firstlink Investments Corporation Ltd., where Mr. Er was an Independent Non-Executive Director, received a public reprimand from SGX for failing to immediately disclose the acquisitions of Golden Concept Enterprise Limited and La Petite Bodyline UK Limited by its subsidiary. The acquisitions were completed on 30 December 2004.

In February 2012, it was announced that the Monetary Authority of Singapore ("**MAS**") received a report from the Singapore Exchange on potential breaches of the Securities and Futures Act by China Sky Chemical Fibre Co., Ltd. and its directors. The matter was referred to the Commercial Affairs Department ("**CAD**") investigations. On 12 February 2015, the MAS announced that the CAD, in consultation with MAS and the Attorney General's Chambers, subsequently agreed to discontinue criminal investigations so that a civil penalty settlement could take place with the former chief executive officer. Mr. Er was not the subject of the CAD investigations.

In 2018, Success Dragon International Holdings Limited, was fined for HKD$17,000.00 for the failure in or late filing of Return of Changes in Company Secretary, Directors or Authorised Representative of Registered Non-Hong Kong Company under sections 791(2)(b) or 791(2)(c) of the Companies Ordinance. Mr. Er was an Independent Non-Executive Director from 2 July 2014 to 14 September 2017. The failure in or late filing of the said return occurred after he ceased as Independent Non-Executive Director.

CORPORATE GOVERNANCE REPORT

(3) In 2011, China Sky Chemical Fibre Co., Ltd., where Mr. Er was an Independent Non-Executive Director, was directed by SGX to engage a Special Audit to investigate the company on issues related to interested party transactions, high cost of equipment maintenance and the purchase of a piece of land. The whole board of directors, including Mr. Er, was publicly reprimanded by SGX on 16 December 2011 and was subsequently placed on the Directors' and Executive Officers' Watchlist due to non-compliance of SGX's directives to appoint a Special Auditor by China Sky Chemical Fibre Co., Ltd.. Mr. Er was subsequently removed from the Directors' and Executive Officers' Watchlist on 24 July 2018.

In 2020, ACRA investigated China Environment Ltd. and its directors, including Mr. Er, after the company failed to comply with the requirements of Section 175(1) – Annual General Meeting, Section 197(1) – Annual Return by Companies and Section 201(1) – Financial Statements and consolidated financial statements of the Companies Act 1967. After the investigation, ACRA issued an advisory letter to Mr. Er, noting that there were strong mitigating factors in his favour, and to exercise due diligence when carrying out his duties as a director.

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 of the Code	Metech Corporate Governance Practices
5.1	The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.	The Board, based on the recommendation of the NC, recognises the need for regular reviews and evaluation of the effectiveness of the Board as a whole, each Board Committee and the effectiveness of individual Directors. Based on the recommendations of the NC, the Board has in place an annual assessment exercise for the Directors to assess the effectiveness of the Board as a whole, each Board Committee, and the contribution by individual Directors to the effectiveness of the Board. The performance criteria for the Board and Board Committees evaluation are in respect of board structure, strategy and performance, board risk management and internal control, board information, board procedures, Chief Executive Officer and top management, standards of conduct, compensation and communication with shareholders. The primary objective of the board evaluation exercise is to create a platform for the Board to provide constructive feedback on board procedures and processes, and changes which should be made to enhance the effectiveness of the Board.

CORPORATE **GOVERNANCE REPORT**

		Individual Director's performance is evaluated annually and informally on a continual basis by the NC and the Chairman of the Board. Some factors taken into consideration by the NC and the Chairman of the Board include contribution to the development of strategy, availability at board meetings (as well as informal contribution via email and telephone), interactive skills, degree of preparedness, industry, business knowledge and experience each Director possess which are crucial to the Group's business. The individual Director evaluation exercise assists the NC in determining whether to re-nominate Directors who are due for retirement at the forthcoming annual general meeting, and in determining whether Directors with multiple directorships are able to and have adequately discharged their duties as Directors of the Company. The Board may consider the use of external facilitators in the performance assessment, if required, to provide a greater level of objectivity in the evaluation process. Such facilitator should be independent of the Company and its directors.
5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	During FP2023, the evaluation of the Board and Board Committees was conducted via questionnaires, which was completed by each member of the Board and each member of the respective Board Committees. Each Director also completed an individual Director assessment checklist to assess each Director's performance and contribution to the Board's effectiveness. To ensure confidentiality, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review before submitting to the Board for discussion and to determine areas for improvement to enhance the Board's effectiveness. Following the review in FP2023, the Board is of the view that the Board and its Board Committees operate effectively, and each Director is contributing to the overall effectiveness of the Board. No external facilitator was used in the evaluation process.

CORPORATE **GOVERNANCE REPORT**

REMUNERATION MATTERS
PROCEDURE 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 of the Code		Metech Corporate Governance Practices
6.1	The Board establishes a Remuneration Committee ("**RC**") to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and (b) the specific remuneration packages for each director as well as for the key management personnel.	The role of the RC is to review and make recommendations to the Board on the remuneration package of each Executive Director and key management personnel ("**KMPs**"). The RC also recommends the level of Directors' fees which are subject to the approval of shareholders. No Director is involved in the deliberation of his or her own remuneration. Where necessary, independent professional advice on the framework for remuneration packages may be sought by the RC.
6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	Following the reconstitution of the Board and Board Committees during FP2023, as at 31 December 2023, the RC comprised three (3) Directors, all of whom are Independent Directors: Ms. Lucy Yow Su Chin (Chairman) Mr. Chng Hee Kok Mr. Er Kwong Wah Following the appointment of Mr. Hwang Kin Soon Ignatius as an Independent Director of the Company on 20 May 2024, Mr. Hwang Kin Soon Ignatius was also appointed as a member of the RC. As such, as at the date of this report the RC now comprises of three (3) Directors, all of whom are Independent Directors. The members of the RC are as follows: Ms. Lucy Yow Su Chin (Chairman) Mr. Er Kwong Wah Mr. Hwang Kin Soon Ignatius

CORPORATE GOVERNANCE REPORT

6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	In recommending the remuneration packages of the Executive Director and KMPs, the RC is largely guided by the financial performance of the Group. It believes that the remuneration level should be competitive and sufficient to attract, retain and motivate the Executive Director and KMPs. In devising the packages, the RC is aware that termination clauses, wherever applicable, have to be fair and not overly generous. The Directors are not involved in deciding their own remuneration. Each member of the RC abstains from voting on any resolutions in respect of his remuneration package. The recommendations of the RC are submitted to the Board for endorsement. The Company's remuneration policy may be amended to take into account the overall performance of the Company, the meeting of key targets, shareholders' value enhancement and individual performance, to ensure they are fair.
6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	The RC has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. During FP2023, the RC did not engage the service of an external remuneration consultant.

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 of the Code		Metech Corporate Governance Practices
7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.	The Executive Director does not receive Directors' fees but is remunerated as a member of the Management. The remuneration packages of the Executive Director and the KMPs comprise a fixed component (basic salary) and a variable component (cash-based annual bonus) that is linked to the performance of the Group as a whole as well as the individual's performance. This is designed to align remuneration with the interests of shareholders and to link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

CORPORATE GOVERNANCE REPORT

		The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and KMPs in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or the Company (and not on forward-looking results) as well as the actual results of its Executive Director and KMPs, "claw back" provisions in the service agreements may not be relevant or appropriate. In addition, the Executive Director owes a fiduciary duty to the Company and the Company may avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties. When reviewing the structure and level of Directors' fees for the Non-Executive Directors, the RC takes into consideration the Directors' respective roles and responsibilities on the Board and Board Committees and the frequency of Board and Board Committee meetings. Each of the Non-Executive Directors receives a base Director's fee. Directors who serve on the various Board Committees as Chairman also receive additional fees.
7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	The structure of the fees payable to the Non-Executive Directors of the Company for FP2023 is as follows:

APPOINTMENT	PER ANNUM
Board of Directors – Board Chairman – Board Member	S$10,000 S$36,000
Audit Committee – AC Chairman – AC Member	S$5,000 Inclusive in Base fee
Remuneration Committee – RC Chairman – RC Member	S$5,000 Inclusive in Base fee
Nominating Committee – NC Chairman – NC Member	S$5,000 Inclusive in Base fee

CORPORATE GOVERNANCE REPORT

		The remuneration of Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Non-Executive Directors. The RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised. These fees are subject to shareholders' approval at each annual general meeting of the Company.
7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	The remuneration policy of the Company is to offer compensation packages that are at least pegged to market rates and reward good performances. The adopted principle is that the remuneration packages must be attractive in order to attract, retain and motivate Directors, executives and managers. The size of the remuneration packages takes into account the performance of the Company and the individuals. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

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(a) – The breakdown of the total remuneration of the Directors of the Company for FP2023 is set out below. No directors' fees were paid to the Directors of the Company in FP2023, as the resolutions for the proposed payment of directors' fee to the previous and existing Non-Executive Directors for FP2023 were not approved by the shareholders of the Company at the extraordinary general meeting convened on 14 March 2024.

	Base/Fixed Salary S$	Variable/ Performance Income S$	Directors' fees S$	Total S$
NON-EXECUTIVE DIRECTORS				
S$250,000 and below				
Mr Ng Cheng Huat(1)	–	–	–	–
Mr Zhang Keke(2)	–	–	–	–
Mr Long Zheng(3)	–	–	–	–
Mr Chay Yiowmin(4)	–	–	–	–
Mr Ricky Sim Eng Huat(5)	–	–	–	–
Mr Chng Hee Kok(6)	–	–	–	–
Mr Tan Siji Macarthur(7)	–	–	–	–
Ms Lucy Yow Su Chin(8)	–	–	–	–
Mr Er Kwong Wah(9)	–	–	–	–

CORPORATE GOVERNANCE REPORT

	Base/Fixed Salary S$	Variable/ Performance Income S$	Directors' fees S$	Total S$
EXECUTIVE DIRECTORS				
Below S$250,000				
Mr Wang Zhuo[10]	176,967	–	–	176,967
S$250,001 to S$500,000				
Ms Samantha Hua Lei[11]	345,423	15,500	–	360,923

Notes:

(1) Mr. Ng Cheng Huat was removed as a Director of the Company by shareholders via an ordinary resolution passed at the extraordinary general meeting held on 11 May 2024.

(2) Mr. Zhang Keke stepped down as Independent Director with effect from 22 November 2023.

(3) Mr. Long Zheng stepped down as Independent Director with effect from 22 November 2023.

(4) Mr. Chay Yiowmin stepped down as Independent Non-Executive Chairman with effect from 17 January 2023.

(5) Mr. Ricky Sim Eng Huat retired as Independent Director with effect from 21 October 2022.

(6) Mr. Chng Hee Kok was not re-appointed as Independent Director with effect from 21 October 2022. With effect from 9 November 2023, Mr. Chng was re-appointed as Independent Non-Executive Chairman of the Board. On 13 June 2024, Mr. Chng stepped down as Independent Non-Executive Chairman of the Board.

(7) Mr. Tan Siji Macarthur stepped down as Non-Executive Non-Independent Director of the Company with effect from 12 July 2022.

(8) Ms. Lucy Yow Su Chin was appointed as Independent Director and RC Chairman of the Company with effect from 22 September 2023.

(9) Mr. Er Kwong Wah was appointed as Independent Director and AC Chairman of the Company with effect from 9 November 2023.

(10) Mr. Wang Zhuo was appointed as Executive Director and Chief Operating Officer with effect from 28 March 2023. With effect from 30 May 2023, Mr. Wang was re-designated as Executive Director and Chief Executive Officer. Mr. Wang had, on 13 June 2024, resigned as the Chief Executive Officer of the Company, effective 28 June 2024. Mr. Wang will also cease to be an Executive Director on 28 June 2024, as he had decided not to seek re-election pursuant to Regulation 88 of the Company's Constitution.

(11) Ms. Samantha Hua Lei stepped down as Executive Director with effect on 30 March 2023 and resigned as Chief Executive Officer with effect from 30 May 2023.

CORPORATE GOVERNANCE REPORT

Provision 8.1(b) – The breakdown of the total remuneration of the top five (5) KMPs of the Group (who are not Directors) for FP2023 is set out below:

	Base/Fixed Salary S$	Variable/ Performance Income S$	Total S$
Below S$250,000			
Ling Ee Dee(1)	168,363	7,022	175,385

Save for Mr Ling Ee Dee, the Company does not have any other KMPs who are not also Directors.

Note:

(1) Mr. Ling Ee Dee had resigned as the Group Financial Controller of the Company on 4 January 2024, and had served a notice period of 3-months till 3 April 2024. Please refer to the announcement of cessation dated 4 January 2024 for more details.

Guidelines of the Code		Metech Corporate Governance Practices
8.2	The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	There are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the Chief Executive Officer or substantial shareholder of the Company.
8.3	The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.	The Company has no employee share schemes.

ACCOUNTABILITY AND AUDIT RISK MANAGEMENT AND INTERNAL AUDIT ***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.***		
9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	The Board acknowledges that it is responsible for the governance of risks and the overall internal control framework, but recognises that an adequate and effective internal control system will not preclude all errors and irregularities as the internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against the occurrence of material errors or misjudgement in decision making. The Group has engaged an external party to conduct an internal audit report to put in place a documentation on its risk profile which summaries the material risks faced by the Group and the countermeasures in place to manage or mitigate those risks for the review by the AC and the Board. On an annual basis, the internal audit function prepares the risk management plan taking into consideration the risks identified which is approved by the AC. The Board intends to rename the Audit Committee as the Audit and Risk Committee in FY2024 to widen the scope and duties of the current Audit Committee which will streamline the processes within the Committee to improve efficiency. Any decision regarding this change will be communicated to shareholders in due course. As part of the external audit plan, the external auditors also reviewed and reported certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC. In FP2023, the AC, on behalf of the Board, reviewed the external and internal audit reports relating to the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. It also reviewed the effectiveness of the actions taken by the Management on the recommendations made by the external and internal auditors in this respect.

CORPORATE **GOVERNANCE REPORT**

		Notwithstanding the above, the Board has, in the second quarter of FY2024, commissioned the conduct of an internal review of the possible lapses of internal controls, including the leak of confidential and sensitive information to a third party (the "**Internal Review**"). As at the date of this report, the Internal Review is still ongoing, and the Company will make the necessary announcement after the completion of the Internal Review.
9.2	The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the Chief Financial Officer ("**CFO**") that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	For FP2023, the Board received: (a) written assurance from the Chief Executive Officer that the Group's 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) written assurance from the Chief Executive Officer that the Group's risk management and internal controls systems in place were adequate and effective to address the financial, operational, compliance and information technology risks in the context of the current scope of the Group's business operations. Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, with the concurrence of the AC, is of the opinion that the risk management and internal control systems of the Group, addressing the financial, operational, compliance and information technology risks are adequate and effective as at 31 December 2023 to address the risks that the Group considers relevant and material to its operations. Notwithstanding the above, the Board has, in the second quarter of FY2024, commissioned the Internal Review. As at the date of this report, the Internal Review is still ongoing, and the Company will make the necessary announcement after the completion of the Internal Review.

CORPORATE **GOVERNANCE REPORT**

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Guidelines of the Code		Metech Corporate Governance Practices
10.1	The duties of the AC include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance; (b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and (f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	The key terms of reference of the AC sets out its duties and responsibilities. The responsibilities of the AC are, *inter alia*, as follows: (a) to review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance; (b) to review and report to the Board at least annually, on the adequacy and effectiveness of the Group's risk management systems and internal controls, including financial, operation, compliance and information technology risks; (c) to review the effectiveness and adequacy of the Group's internal and external audit function; (d) to review the assurance from the Chief Executive Officer and the Group Financial Controller (as applicable) on the financial records and financial statements; (e) to review the scope and results of the internal and external audit, and the independence and objectivity of the internal and external auditors; (f) to make recommendations to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors; (g) to review the system of internal controls and management of financial risks with the internal auditors and the external auditors;

CORPORATE GOVERNANCE REPORT

		(h) to review the co-operation given by the Management to the external auditors; (i) to review and approve any interested person transactions; and (j) to review the whistle-blowing policy and arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up actions to be taken. In carrying out its duties, the AC is guided by the Guidebook for Audit Committees in Singapore. It also has its own terms of reference that set out its duties and responsibilities in assisting the Board to maintain a high standard of Corporate Governance, particularly by providing an independent review of the effectiveness of financial reporting, management of financial and control risks, and monitoring of the internal control systems. The AC has the power to conduct or authorise investigations into any matter within its scope of responsibility. It is also given reasonable resources to enable it to perform its function properly, including access to external consultants and auditors. The AC meets with the Company's external auditors to review accounting, auditing and financial reporting matters. The AC has full access to the Management and full discretion to invite any members of the Management to attend its meetings, as well as to procure reasonable resources to enable it to discharge its function properly. The AC held three (3) meetings in FP2023 where the external auditors were present in one of the meetings.

CORPORATE **GOVERNANCE REPORT**

		The AC has undertaken a review of the services, adequacy of audit plan and scope, independence and objectivity of the external auditors, taking into consideration the Audit Quality Indicators Disclosure Framework published by Accounting and Corporate Regulatory Authority ("**ACRA**"). Moore Stephens LLP, the external auditors of the Company, has confirmed that they are a public accounting firm registered with the ACRA and has provided a confirmation of their independence to the AC. The AC noted that the external auditor will be paid S$235,000 (FY2022: S$90,000) for its audit service for FP2023. The AC has also undertaken a review of all non-audit services provided by the auditors and noted that they did not provide any non-audit services in FP2023. Having considered the adequacy and experience of the firm, their overall qualification and their independence status, the AC is satisfied that Catalist Rule 712 has been complied with and has recommended to the Board. The auditors of the Company's subsidiaries are disclosed in Note 13 of the Financial Statements in this Annual Report. In appointing auditors for the Company's subsidiaries, the Group has complied with Catalist Rules 712 and 715. The same auditing firm based in Singapore was appointed to audit the accounts of the Company and its Singapore-incorporated subsidiaries.

CORPORATE GOVERNANCE REPORT

		The AC monitors the whistle-blowing framework that has been put in place in the Company, which provides guidelines and procedures for employees of the Group or any other persons to raise concerns regarding matters of suspected fraud, corruption, dishonest practices or other similar breaches regarding accounting, financial and audit matters, as well as alleged irregularities and violation of a general, operational and financial nature against the Company or against any applicable law, and other matters, and ensures that arrangements are in place for independent investigations of such matters and appropriate follow-up actions. The independent investigations would be conducted by a team led by the AC Chairman, with the assistance of the independent professional parties if necessary (i.e., lawyers, auditors, etc). All employees have been informed to direct such concerns to the AC and the AC reports to the Board on such matters at Board meetings. As per the whistle-blowing framework, the Group ensures that the identity of the whistle-blower is kept confidential and is committed to ensure protection of the whistle-blower against detrimental or unfair treatment. Except for the above-mentioned Internal Review, there were no reported incidents pertaining to whistleblowing during FP2023 and up to the date of this Annual Report. Shareholders and/or employees are encouraged to report any breaches in ethical conducts via the Group's approved whistleblowing channels, i.e., via integrity@metechinternational.com or write in to the Company registered address at 2 Venture Drive, #08-10 Vision Exchange, Singapore 608526. The AC is kept abreast by the Management and the external auditors of changes to the financial reporting standards, Catalist Rules and other codes and regulation which could have an impact on the Group's businesses and financial statements.

CORPORATE GOVERNANCE REPORT

10.2	The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.	Following the reconstitution of the Board and Board Committees during FP2023, as at 31 December 2023, the AC comprises entirely of Non-Executive Independent Directors. The members of the AC are as follows: Mr. Er Kwong Wah (Chairman) Ms. Lucy Yow Su Chin Mr. Chng Hee Kok Following the appointment of Mr. Hwang Kin Soon Ignatius as an Independent Director of the Company on 20 May 2024, Mr. Hwang Kin Soon Ignatius was also appointed as a member of the AC. As such, as at the date of this report, the members of the AC are as follows: Mr. Er Kwong Wah (Chairman) Ms. Lucy Yow Su Chin Mr. Hwang Kin Soon Ignatius Mr. Er Kwong Wah, the Chairman of the Audit Committee, brings a wealth of expertise and experience to the role, having served as the Chairman of Audit Committees for other listed companies over many years. Ms. Lucy Yow Su Chin, in addition to holding a Master of Science in Applied Finance from Singapore Management University, has garnered extensive working experience in the finance industry. Therefore, the Board is satisfied that the members of the AC are appropriately qualified to discharge their duties, taking into consideration that at least two (2) members of the AC, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

CORPORATE GOVERNANCE REPORT

10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	None of the members of the AC nor the AC Chairman are former partners or directors of the Group's existing auditing firm nor do any of them have any financial interests in the said auditing firm.
10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	The Company's internal audit function is outsourced to Baker Tilly TFW LLP that reports directly to the AC Chairman and administratively to the Management. The internal auditors have full access to the Company's documents, records, properties and personnel, including the AC. The AC reviews the internal audit activities including, overseeing and monitoring the implementation of the improvements required on any internal control weaknesses that have surfaced. The AC ensures that the internal audit function is adequately resourced and has appropriate standing within the Company. In light of the above, the AC and the Board have reviewed the adequacy and effectiveness of the internal audit function as required under Catalist Rule 1204(10C) and is of the view that the internal audit function is independent, effective and adequately resourced in FP2023. Notwithstanding the outcome of the above-mentioned Internal Review, the Company, together with the AC and the Board, will continue to strengthen the existing internal controls, where applicable.
10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	In FP2023, the AC had one (1) meeting with the external auditors without the presence of the Management and one (1) meeting with the internal auditors without the presence of the Management.

CORPORATE GOVERNANCE REPORT

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.

Guidelines of the Code		Metech Corporate Governance Practices
11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	Shareholders are informed of general meetings through the announcements released to the SGXNet and on the Company's corporate website, to ensure fair dissemination to shareholders. Annual reports are prepared and issued to all shareholders through electronic means (i.e., via publication on the Company's website or SGXNet). Shareholders can request for a physical copy of the annual report through the request form sent to all shareholders of the Company. The Board makes every effort to ensure that the annual report includes all the relevant information about the Company, including future developments and other disclosures required by the Catalist Rules, Companies Act and Singapore Financial Reporting Standards (International). As the Board is accountable to the shareholders, it is the aim of the Board to provide shareholders with a balanced and easy-to-understand assessment of the Company's performance, position and prospects when presenting financial and other price sensitive public reports, and reports to regulators, if required.

CORPORATE **GOVERNANCE REPORT**

		The annual general meeting ("**AGM**") is the principal forum for dialogue with shareholders. The Company encourages its shareholders to attend AGM to ensure a high level of accountability and to stay informed of the Company's performance and plans. Relevant rules and procedures governing the annual general meetings, including voting procedures, will be clearly communicated to shareholders. The Company's Constitution allows a shareholder to appoint one (1) or two (2) proxies to attend and vote on his or her behalf. The upcoming AGM for FP2023 will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404. Accordingly, shareholders who want to exercise their voting rights would be required to (i) vote at the respective meetings or (ii) appoint proxies, including the Chairman of the respective meetings, to vote on their behalf at the respective meetings. The Company recognises the value of feedback from shareholders. The Company has taken steps to solicit and understand the views of the shareholders, especially during annual general meetings, shareholders are given ample time and opportunities to air their views and concerns. All substantial and relevant questions related to the general meetings were submitted to Chairman of the meetings in advance of the meetings. All resolutions at general meetings are put to vote by poll and the results of the number of votes cast for and against each resolution, together with the respective percentages, will be made via a separate announcement on the same day on SGXNET.

CORPORATE GOVERNANCE REPORT

11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	The resolutions tabled at the general meetings are proposed each a separate resolution, including the election or re-election of each Director. Detailed information on each item in the agenda is accompanied with the explanatory notes detailed in the notice of general meeting. "Bundling" of resolutions will only be done where resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company will explain reasons and material implications in the notice of general meeting. In FP2023, there were no "bundling" of resolutions at the Company's general meetings.
11.3	All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.	At general meetings of the Company, shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Company. With the exception of Mr. Chng Hee Kok, all other Directors were present at the last AGM. All Directors will endeavour to be present at the Company's forthcoming FP2023 AGM to address shareholders' questions relating to the Company and the Group. In addition, the Company had informed shareholders to submit its queries in advance of the respective meetings and that the Company would address their questions prior to the respective meetings by publishing its responses on SGXNet. The Company's external auditors, Moore Stephens LLP, were present at the last AGM, and will also be present at the upcoming AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.
11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	The Company does not implement absentia voting methods such as voting via mail, e-mail or fax as these may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised.

CORPORATE GOVERNANCE REPORT

11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	The Company prepares detailed minutes of general meetings, which include comments and the questions raised by shareholders, together with the responses from the Board and the Management, and such minutes are publicly available on the Company's website and on SGXNET within one (1) month after the general meetings.
11.6	The company has a dividend policy and communicates it to shareholders.	The Company does not have a fixed dividend policy. The form, frequency and amount of dividends to be declared each year will take into consideration the Group's profit growth, cash position, positive cash generated from operations, projected capital requirements for business growth and other factors that the Board may deem appropriate. Based on these factors, the Board did not recommend any payment of dividends for FP2023.
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.***		
12.1	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	The Board is mindful of its obligation to provide timely and relevant information to shareholders. The Company is committed to treating all shareholders of the Company fairly and equitably to facilitate their ownership rights. The Company recognises and strives to protect and facilitate the exercise of shareholders' rights, and will continually review and update such governance arrangements.

CORPORATE GOVERNANCE REPORT

		The Board believes in timely and accurate dissemination of information to shareholders and does not engage in selective disclosure. The Company adheres strictly to the continuous disclosure obligations of the Company pursuant to the Catalist Rules. Announcements on financial results, major changes to the composition of the Board, changes to interests of Directors and substantial shareholders, major developments in the Company, annual reports, notices and circulars of general meetings and extraordinary meetings and other stipulated disclosures are made through SGXNET. The aforementioned announcements and other information on the Company can also be found on the Company's website at www.metechinternational.com which shareholders are able to access freely and at any time to their convenience.
12.2	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	The Company currently does not have an investor relations policy in place, but will consider having one as the Company expands its business. In the meantime, information on the Company can be found on the Company's website which shareholders are able to access freely and shareholders can submit their feedback and raise any questions to the Company at the email address provided on the Company's website.
12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the resolutions tabled for approval and/or asking the Directors or the Management questions regarding the Company and its operations.

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.***		
13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	The Group has regularly engaged its stakeholders through various mediums and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address their concerns so as to improve services and products' standards, as well as to sustain business operations for long term growth. The stakeholders have been identified as those who are impacted by the Group's businesses and operations and those who are similarly able to impact the Group's businesses and operations. Four (4) stakeholder groups have been identified through an assessment of their significance to the business operations. They are namely, employees, investors, regulators and customers.
13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	The Group has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually. Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships. Please refer to the Sustainability Report on pages 67 to 97 of this Annual Report for further details.

13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	All material information on the performance and development of the Group and of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET and the Company's website. The Company does not practice selective disclosure of material information. All materials on the half-year and full year financial results are available on the Company's website at www.metechinternational.com. The comprehensive website, which is updated regularly, contains various information on the Group and the Company which serves as an important resource for investors and all stakeholders.

DEALING IN SECURITIES

With respect to Rule 1204(19) of the Catalist Rules, the Company has a set of internal guidelines to provide guidance to the Directors and employees of the Group on their dealings in the Company's securities, as well as the implications of insider trading. The Company prohibits its Directors and employees from dealing in the Company's securities for the period commencing one (1) month prior to the announcement of the Company's half-year and full year financial statements and ending on the date of the announcement of the relevant results.

Reminders were emailed to all Directors and employees of the above ruling before the commencement of the respective periods. In the same emails, they were also reminded not to deal in the Company's securities when they are in possession of any potentially price sensitive information which have not been announced, or on short-term considerations.

INTERESTED PERSON TRANSACTIONS

The Company's internal policy with respect of any interested person transactions ("**IPTs**") sets out the procedures for review and approval of such IPTs. When a potential conflict of interest arises, the Directors concerned do not participate in discussions and refrain from exercising any influence over other members of the Board. Prior to entry by the Company into an IPT, the Board and AC will review such a transaction to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with. In FP2023 there were no IPTs involving transactions of S$100,000 or more and the Company does not have a shareholders' mandate pursuant to Rule 920 of the Catalist Rules.

MATERIAL CONTRACTS

With respect to Rule 1204(8) of the Catalist Rules, there was no material contract involving the interests of the Chief Executive Officer, any Director or controlling shareholder entered into by the Company or any of its subsidiaries since the end of the previous financial year. No such contract subsisted at the end of the financial period under review.

CORPORATE GOVERNANCE REPORT

NON-SPONSOR FEES

With respect to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's previous sponsor, RHT Capital Pte. Ltd., in FP2023.

S$18,000 in non-sponsorship fees were paid to the Company's sponsor, Novus Corporate Finance Pte. Ltd. in FP2023.

USE OF PROCEEDS

The Company had, on 10 May 2024, announced the proposed placement of 18,000,000 new ordinary shares (the "**Placement Shares**") in the capital of the Company (the "**Placement**"). The Placement was completed on 24 May 2024. The amount of proceeds from the allotment and issue of the Placement Shares, net of the Placement expenses of approximately S$36,200 was S$575,800 (the "**Net Proceeds**"). Pursuant to Catalist Rule 1204(22), as at 11 June 2024, the Company utilised the Net Proceeds as follows:–

Purpose	Allocation of Net Proceeds	Net Proceeds utilised as at 11 June 2024	Balance of Net Proceeds as at 11 June 2024
General working capital purposes	S$575,800	S$32,752	S$543,048

The utilisation of the Net Proceeds for general working capital purposes are all related to professional fees, and is in accordance with the allocation previously announced.

SUSTAINABILITY **REPORT**

Board Statement

Dear Stakeholders,

The Board of Directors (the "**Board**" or the "**Directors**") of Metech International Limited (the "**Company**", and together with its subsidiaries, the "**Group**" or "**Metech**") is pleased to present Metech's annual sustainability report (the "**Report**") for the 18-month financial period ended 31 December 2023 ("**FP2023**"). The Group believes that sustainable practices are crucial for our long-term success and the well-being of our stakeholders. We are committed to integrating sustainability into all aspects of our business operations, recognising the interconnectedness of Economic, Environmental, Social, and Governance ("**EESG**"). As a responsible corporate citizen, we strive to create a positive impact on society and the planet.

As a participant in the environmental solution industry, our goal is to progressively transform towards a climate-resilient model, while promoting fairness and equality within our Group. The Board is keenly aware of the escalating risks associated with climate change and global warming, and we are fully committed to upholding human rights throughout our operations and value chain, as well as enhancing our social and economic performance. In line with this, we endeavour to incorporate EESG considerations into all aspects of our business activities. In accordance with the contents of the report, we have incorporated multiple disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**").

Our dedication lies in upholding and promoting the human rights and working conditions of our clients and employees, ensuring their awareness of their rights. The Board and Audit Committee ("**AC**") are responsible for overseeing and monitoring significant sustainability issues as part of our annual strategic planning process. Through a materiality assessment, the Board identifies the most relevant topics and integrates their implications into our strategic direction. To achieve these objectives, the Board has established short-term, medium-term, and long-term metrics and targets to effectively address the various material topics. Progress towards these goals is actively monitored. Looking ahead, we acknowledge the significance of collaborating with our stakeholders to address the interconnected challenges that our industry faces.

In conclusion, we are delighted to present our annual sustainability report, which highlights our recent accomplishments over the past year. We extend our gratitude to you for your continuous support throughout this endeavour. We remain dedicated to collaborating with all stakeholders in order to create a sustainable future and make significant strides in the realm of sustainability.

The Board of Directors
Metech International Limited

SUSTAINABILITY **REPORT**

ABOUT THIS REPORT

Scope of Report

This Report describes the sustainability activities and performance of Metech, as well as highlights the Economic, Environmental, Social, and Governance aspects of the Group's operations for FP2023. The entities covered in this Report are consistent with those included in our audited consolidated financial statements. The date disclosed and contents within this Report have been disclosed in good faith and to the best of our knowledge. Together with the other information set out in our Annual Report, this Report provides comprehensive and transparent reporting to our stakeholders.

Reporting Framework

This Report has been prepared in compliance with the sustainability reporting requirements as specified in Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), as well as with reference to the internationally recognised Global Reporting Initiative ("**GRI**") Universal Standards 2021. The GRI Standards were selected as our reporting framework because it provides guiding principles on report content and quality as well as suggests specific performance disclosures relevant to our material EESG topics. The content of this Report was defined by the four reporting principles established by the GRI Standards:

1. Stakeholder Inclusiveness: This Report content is determined based on various stakeholder engagements and internal discussions that Metech considers to be accountable.
2. Sustainability Context: This Report covers the Group's performance in various EESG aspects.
3. Materiality: Material issues in this Report are determined through stakeholders' engagements and internal discussions. All relevant factors are then weighted according to their respective importance to stakeholders, as well as their impact on Metech's business.
4. Completeness: This Report covers the impacts that Metech contributes to the material topics during the reporting period using all relevant data and information collected.

Report Content and Quality

This Report outlines our sustainability strategies, policies, and performance that align with our corporate values. It also addresses the concerns and issues frequently raised by stakeholders of Metech. To ensure consistency and the delivery of high-quality content, we have implemented the eight principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability, as set forth by the GRI. Furthermore, we have adhered to the seven principles for effective disclosure developed by TCFD: disclosures should represent relevant information; be specific and complete; be clear, balanced and understandable; be consistent over time; be comparable among companies within a sector, industry or portfolio; be reliable, verifiable and objective; and be provided on a timely basis. The content of this report has been reviewed internally, as required.

Feedback

As part of our continuous efforts on improving our sustainability performances, we welcome any question, comment, or feedback on any aspect of this Report. Please write to: info@metechinternational.com.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board, in collaboration with key management personnel, consistently examines environmental trends and assesses potential risks and opportunities related to climate change to ensure effective oversight of strategic risk management. Important sustainability factors, including climate-related metrics and targets, are consolidated and presented to the Board for annual review.

The Board and AC hold the ultimate responsibility for overseeing sustainability reporting and have actively considered sustainability issues in the Group's business and strategy. They have identified significant EESG factors and have supervised the management and monitoring of these factors.

The Group's Chief Executive Officer ("**CEO**") receives support from personnel across various departments and divisions within the Group. The CEO receives regular updates on the progress of the Group's key sustainability initiatives and assesses workplace and human rights practices. Specifically, the CEO oversees the adoption and implementation of climate strategies and policies, regularly updating the Board and AC on the performance of programmes and practices.

Roles and Responsibilities of management

Designation	Roles	Responsibilities
Chief Executive Officer Emissions	◈ Oversees the development of the Group's strategic direction and vision ◈ Sustainability strategies and action plans to address climate-related risks and impacts ◈ Supports the cultivation of a sustainability-focused culture throughout the Group	◈ Provides strategic guidance and formulate Group's sustainability strategy ◈ Identifies climate-related risks and opportunities ◈ Reviews climate-related metrics and targets ◈ Manages day-to-day operations pertaining to the Group's EESG performances ◈ Evaluates EESG risks and monitors climate-related performance within the Group's business practices

SUSTAINABILITY REPORT

Designation	Roles	Responsibilities
Group Financial Controller	◈ Supports the cultivation of a sustainability-focused culture throughout the Group	◈ Reviews the financial performance of climate-related risks and opportunities undertaken by the Group ◈ Coordinates reporting and disclosures ◈ Ensures compliance with relevant financial-related requirements ◈ Promotes recycling practices and encourages sustainability habits throughout the Group
Department Heads	◈ Perform various department functions related to sustainability initiatives	◈ Optimise strategies based on departmental functions to promote environmentally friendly initiatives ◈ Raise awareness of climate resilience when establishing and managing customer relationship ◈ Collaborate closely with the CEO and Group Financial Controller to assess and manage climate-related risks and opportunities

During FP2023, in accordance with Rule 720(6) of the Catalist Rules, the Group has arranged for directors to undergo mandatory training. All the members who were part of the Board during FP2023 have completed the necessary sustainability training courses provided by the Singapore Institute of Directors ("**SID**"). Mr. Ignatius Hwang Kin Soon, who was appointed as an Independent Director of the Company on 20 May 2024, will be scheduled to attend the necessary sustainability training courses conducted by SID.

STAKEHOLDER ENGAGEMENT

At Metech, we recognise the importance of actively engaging with our key stakeholders to better understand their expectations and concerns. We maintain continuous dialogue with them through various platforms and feedback mechanisms, as well as conduct regular materiality assessment to gather valuable insights. Both internal and external stakeholders play a critical role in helping us achieve our sustainable business goals. We value their input and recognise that they can contribute to positive and meaningful impacts.

By having a deep understanding of our stakeholders, including their evolving needs, interests, and emerging concerns, we ensure that our sustainability strategy and programmes remain relevant and effective in delivering the desired outcomes.

SUSTAINABILITY REPORT

The table below summarises the key stakeholder groups we engage with, the current methods and frequency of engagement, as well as their expectations and commitments to sustainability.

Key Stakeholder	Engagement Methods	Frequency	Needs/ Expectations	Commitments to Sustainability
Employees	Employment rules and policies	Annual	◈ Healthy work-life balance ◈ Remuneration and benefits ◈ Career opportunities and development ◈ Safe and healthy work environment ◈ Fair & performance-based employment practice	◈ Provide a safe and cohesive working environment ◈ Rewarding work and performance ◈ Provide fair and equal opportunities to all employees
	Dialogue/feedback/ evaluation sessions between employees and senior management	Annual		
	Advocate flexible working hours and places to promote work-life balance	Ad-hoc		
	Training and development programme	On an average of 12 man-hours		
Customers	Regular meetings with representatives of clients	Ad-hoc	◈ Quality products, graded certification and availability of services ◈ Create sustainable development for future generations ◈ Convenience and compliance with environmental regulations	◈ Participation as a vested stakeholder in selected projects ◈ Forging strong and successful relationships in the long term
	Written and verbal feedback through business communications	Perpetual		
	Website feedback service	Perpetual		

SUSTAINABILITY **REPORT**

Key Stakeholder	Engagement Methods	Frequency	Needs/ Expectations	Commitments to Sustainability
Suppliers	Suppliers' feedback through emails, phone calls and fax	Ad-hoc	◈ Providing quality products ◈ Open communication ◈ Ethical business practices	◈ Supplier policies and requirements ◈ Fair and timely payment terms ◈ Occupational health and safety practices ◈ Strong and lasting cooperation
	Supplier on-site meetings	Ad-hoc		
Investors and Shareholders	Annual General Meetings	Annual	◈ Business growth and returns, strategic direction, and outlook ◈ Risk management process and sound corporate governance practices ◈ Timely and transparent reporting including sustainability performance based on international reporting standards ◈ Balance between economic viability and environmental sustainability	◈ Strive to generate sustainable long-term returns on investment ◈ Provide clear goals and visions for business expansion ◈ Adhere to timely and transparent dissemination of accurate and relevant information ◈ Improve Investor Relations website
	Regular meetings with representatives of business partners	Ad-hoc		
	Timely and transparent updates of financial results and announcement	Half-yearly		
	Extraordinary general meetings and SGX announcements	Ad-hoc		
	Media/news/ marketing activities	Ad-hoc		
	Whistleblowing channel	Perpetual		
	Other relevant disclosures via Metech's website	Perpetual		

SUSTAINABILITY **REPORT**

Key Stakeholder	Engagement Methods	Frequency	Needs/ Expectations	Commitments to Sustainability
Government and Regulators	Sustainability Report	Annual	◈ Compliances with safety & environmental laws and regulations ◈ Reduce emissions, waste, and other detrimental environmental effects ◈ Providing training and skills-upgrading, such as courses organised by Institute of Singapore Chartered Accountants (“**ISCA**”) and SID	◈ Strict compliance with relevant laws and regulations ◈ Encouraging lifelong learning for mid-career change and skill-upgrading ◈ Understand and support initiatives driven by the Government
	Government training workshops and surveys	Ad-hoc		
	Cooperating with public sector for their environmental needs	Ad-hoc		
	Website feedback service	Perpetual		

MATERIALITY ASSESSMENT

At Metech, we recognise the significance of identifying and prioritising the issues that are most important to our stakeholders and are frequently raised by them. We utilise a variety of channels and feedback mechanisms to analyse the expectations of our stakeholders regarding EESG aspects, including human rights concerns, across our value chain.

In conducting our materiality analysis for FP2023, we engaged in internal discussions and consultations to determine the topics that are considered material. We also took into consideration the external business landscape that emerged during FP2023. Our Group follows a three-stage approach to define the material topics for FP2023.

1

IDENTIFICATION

Background research including stakeholders' interests and sector-specific concerns

2

PRIORITISATION

Prioritise salient sustainability issues based on their impact and stakeholders' expectations

3

VALIDATION

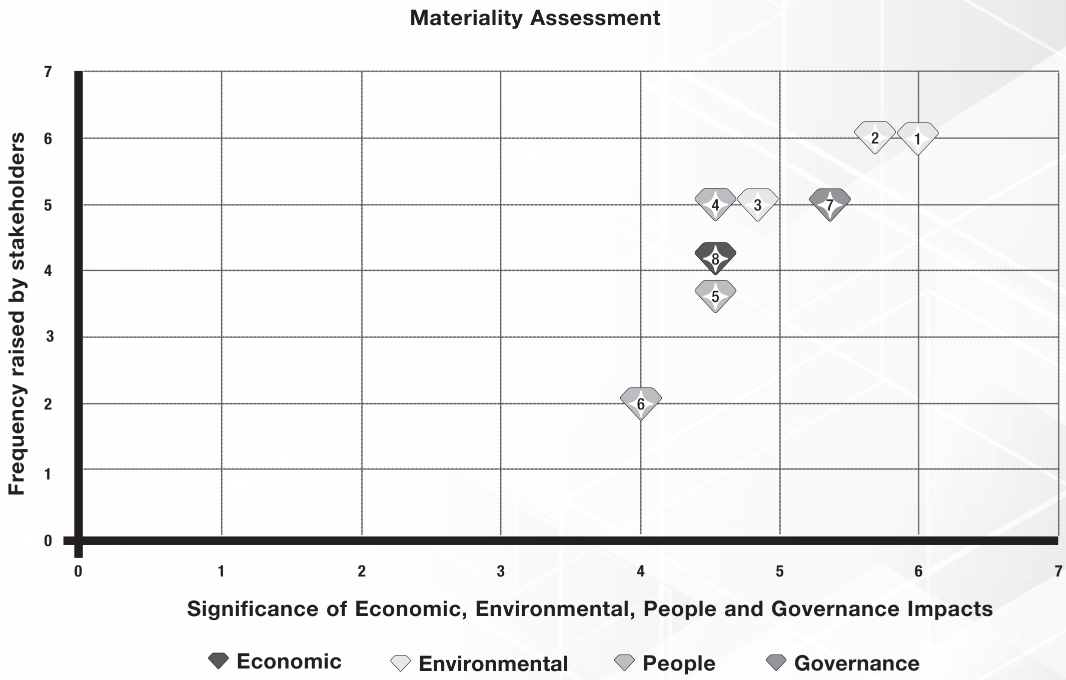
Presentation and validation of material factors and performance metrics by the Board

Subsequently, we concluded that our 8 material topics identified continue to remain relevant and aligned to our sustainability agenda in FP2023, therefore, we report on the importance of it with consideration of the business landscape and stakeholder concerns. The reason for excluding supply chain management from our list of material topics is as follows:

Material topic removed in FP2023	Explanation
Supply Chain Management	In FP2023, supply chain operations had minimal impact on overall sustainability performance as no revenue was generated in this business segment. Consequently, the Company has redirected its focus away from sustainability concerns related to the supply chain operations and has instead prioritised areas such as the lab-grown diamond segment.

SUSTAINABILITY **REPORT**

FP2023 Materiality Assessment



FP2023 Materiality Assessment

No.	EESG Material Topic	EESG Pillar
1	Emissions	Environmental
2	Impact on Environment and Natural Resources	
3	Climate Change	
4	Health and Safety	Social
5	Employment Practices and Compliance	
6	Staff Training and Development	
7	Business Conduct and Ethics	Governance
8	Economic Performance	Economic

SUSTAINABILITY REPORT

Material Topics	Stakeholders Impacted	Metech's Involvement
Environmental		
Emissions	Everyone	Direct & Indirect
Impact on Environment and Natural Resources	Everyone	Direct & Indirect
Climate Change	Everyone	Direct & Indirect
Social		
Health and Safety	Employees	Direct
Employment Practices and Compliance	Employees and Shareholders	Direct
Staff Training and Development	Employees and Shareholders	Direct
Governance		
Business Conduct and Ethics	Everyone	Direct
Economic		
Economic Performance	Everyone	Direct

ENVIRONMENTAL

Climate Change

In line with the Paris Agreement's goal of limiting global temperature rise to below 1.5° Celsius, we have made addressing climate change one of our top EESG priorities. Our main emphasis is on reducing Greenhouse Gas ("**GHG**") emissions throughout our operations and value chain. We are actively engaged in developing strategies to strengthen our business divisions' climate resilience. A critical initial step involves understanding the potential risks and opportunities associated with climate change and assessing their financial implications on our business operations.

TCFD Climate-related Risk Analysis

Governance

The Group's sustainability strategy, including climate-related risks and opportunities, falls under the ultimate accountability of the Board. To ensure effective evaluation and monitoring of these risks and opportunities, specific committees have been established. Refer to our Sustainability Governance Structure on pages 69 and 70 of the Report for further details.

Strategy

At Metech, we are proactive in seizing opportunities and effectively managing risks through our sustainability strategy. Our goal is to transform our business into a performance-driven entity that also has a positive impact on the climate. Our climate strategy revolves around identifying, evaluating, and mitigating climate-related physical and transition risks across our value chain. We strive to operate within the boundaries and make business decisions that result in a net positive impact.

To assess the potential impacts of climate change on our business, we have adopted a risk analysis that focuses primarily on two climate scenarios: a scenario where global temperature increase is limited to 2°C or lower, and a scenario with no mitigation efforts. This analysis allows us to evaluate the potential effects of climate change on our operations.

Scenario	Paris-aligned scenario (Below 2°C)	No mitigation scenario (4°C)
Rationale	◈ In this scenario, the world manages to reduce CO_2e emissions through several far-reaching measures, such as legislation, global carbon taxes, and major shifts in consumption patterns and lifestyles. ◈ This scenario is selected to assess the transition impacts in an economy shifting to a low carbon world. It reflects actions required to limit global warming to under 2°C.	◈ In this scenario, the world fails to curb rising CO_2e emissions by 2100. Legislation and carbon taxes are expected to play a less significant role in this scenario, whereas impacts from extreme weather events are assumed to grow in magnitude. ◈ This scenario is selected to assess the physical risks under a high-emission scenario, consistent with a future with limited policy changes to reduce emissions.
Underlying model	International Energy Agency's Sustainable Development Scenario	Intergovernmental Panel on Climate Change ("**IPCC**") Representative Concentration Pathway 8.5, mostly long term
Assumptions	Transition features: ◈ Carbon price introduced ◈ Fossil fuel subsidies phased out by 2050 in net-importers and by 2035 in net-exporters ◈ Increased generation from renewable energy	Physical features: ◈ Global emissions continue to rise because of high carbon intensity ◈ Global mean sea level rise of 0.63m by 2100 ◈ High frequency and intensity of heat waves and extreme precipitation events

Climate-Related Risks and Opportunities

Based on the aforementioned scenarios, we have identified several climate-related risks in terms of physical risks and transition risks, along with corresponding business opportunities. These risks and opportunities have the potential to impact our business, and we have developed mitigation measures to address them should these scenarios materialise. Here is an overview:

Risk Type	Impact	Mitigating Measures
Physical Risks		
Chronic *Rising mean temperatures*	◈ Increased pressure on cooling and air conditioning, leading to increased operation and maintenance costs	◈ Equipment that requires cooling are placed in segregated rooms with controlled room temperature
Transition Risks		
Technology	◈ Capital investments into technology development ◈ Cost of adoption	◈ Improve product offerings sustainability to generate competitive advantage
Market	◈ Increased cost of electricity ◈ Increased cost of raw materials to produce lab-grown diamonds	◈ Stay up to date on market trends related to environmental performance ◈ Invest in research and development efforts to enhance the efficiency of the diamond-growing process
Business Opportunities		
Resource Efficiency/ Energy Sources	◈ Optimising energy efficiency and water conservation in our office and operations can lead to expenditure reductions ◈ Increased energy resilience ◈ Use of lower-emission sources of energy such as hydrogen	
Products and Services	◈ Enhanced competitiveness ◈ Offerings with lab-grown diamond can attract younger customers looking for environmentally friendly products	

The above is a preliminary climate-related risks and opportunities assessment by the Group. We will progressively expand on our scope of climate-related risks and opportunities assessment and monitoring. We target to incorporate quantitative disclosures of the impacts arising from the identified climate-related risks by 2030.

Emissions

Our operations primarily generate GHG emissions through the utilisation of purchased electricity in our office and production factory, which contributes to Scope 2 GHG emissions. In this report, we disclose our Scope 2 indirect emissions in accordance with the GHG Inventory Guidance, GRI Standards, and TCFD recommendations.

The Group's environmental performance in FP2023 is as below:

Pollutants	CO_2
Operating Margin (OM) Grid Emission Factor (GEF)[1]	
Singapore	0.4057
Global Warming Potential (GWP)	1

Financial Year	FP2023
Electricity Consumed (MWh)	239.55
CO_2 Emissions (tCO_2e)	69.92
Number of Employees	5
Energy consumption intensity	47.91
GHG Intensity (tCO_2e/employee)	13.98

Furthermore, at Metech, we are fully dedicated to reducing our energy consumption and promoting environmental consciousness among our employees. Our management has taken proactive measures to instill a sense of environmental responsibility in all our business practices. To achieve this, we have implemented the following actions:

- Encouraging employees to switch off lights, computers, and electrical appliances when not in use;
- Conducting regular maintenance of equipment to optimise energy efficiency;
- Perform process optimisation to improve energy efficiency in our production; and
- Integrating energy-efficient fixtures and fittings, such as LED lights and smart lighting solutions.

[1] GHG emissions data are calculated based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Appendix to Part II: Monitoring Plan of Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines" published by National Environment Agency and 2021 Electricity Grid Emission Factor issued by the Energy Market Authority of Singapore.

SUSTAINABILITY REPORT

Due to the nature of our business operations, we generate minimal Scope 1 emissions, as there is no emission generation directly from source. Consequently, Scope 1 emissions have not been included in our current disclosures. Nevertheless, we continuously monitor our emissions, and if Scope 1 emissions do become significant in the future, we will incorporate them into our reporting.

Furthermore, we are actively progressing towards assessing, collecting, and disclosing our Scope 3 emissions. Our specific roadmap and targets regarding Scope 3 emissions can be found in the following section.

Impact on Environment and Natural Resources

At Metech, the Group demonstrates its dedication to environmental responsibility and sustainability by actively promoting energy efficiency and conservation within its office premises. This commitment is exemplified through the use of energy-efficient LED lightbulbs, which offer greater durability and energy savings compared to traditional incandescent bulbs while maintaining adequate lighting levels.

In FP2023, the Metech sustainability team is led by our Chief Executive Officer and is assisted by the Group Financial Controller and senior management from across the Group, which plays a crucial role in fostering an environmentally conscious culture among employees. They encourage everyone to turn off lights when not in use and advocate for digital documentation whenever possible. If printing is necessary, the team promotes double-sided printing and encourages the reuse of single-sided paper. Additionally, the office has embraced the eco-friendly practice of recycling paper to minimise waste. Furthermore, when it comes to trading with suppliers, the Group recognises the significance of engaging with suppliers who share a commitment to sustainability. By doing so, Metech contributes to the promotion of sustainable trade and reduces the potential for environmental degradation.

Following the cost-cutting exercise conducted by the Company in response to its financial position, the Metech sustainability team is led by our Chief Executive Officer and is assisted by the various personnel from the various department and divisions within the Group.

To achieve this goal, Metech rigorously assesses potential trading partners to ensure they align with principles of global citizenship, sustainability, and corporate responsibility. The Group seeks out suppliers who adhere to best practices and regulations within the realm of sustainability and maintain a credible reputation. This selective approach reinforces Metech’s dedication to environmental stewardship and responsible business practices.

Our Performance and Targets

The Board and Management set goals and targets to measure progress for each of the material factors under EESG. The table below summarises our performance in FP2023 for the targets set in FY2022:

Material Topics	Targets Set in FY2022	Performance in FP2023
Emissions	◈ Maintain or reduce GHG emission (Scope 2) levels and emission intensities from FY2022 ◈ Track Scope 1 and 3 emissions	◈ Emissions increased due to increased business activities with the commencement of production at the factory ◈ In progress
Impact on Environment and Natural Resources	◈ To start tracking water usage and waste generated from operations at the Kallang Factory	◈ No waste was generated in FP2023, and the water usage was kept at a minimum level
Climate Change	◈ Maintain or reduce GHG emission levels and emission intensities from FY2022	◈ Emissions increased due to increased business activities with the commencement of production at the factory and operation of the hostel

Our sustainability efforts are driven towards achieving net zero carbon emissions by the year 2050. In pursuit of this goal, we established the following targets:

Material Topics	Short-Term Target (1-2 years)	Medium-Term Target (2030)	Long-Term Target (2050)
Emissions	◈ Maintain or reduce GHG emission (Scope 2) levels and emission intensities ◈ Promote employee awareness towards emission reduction initiatives ◈ Regularly monitor and report on progress	◈ Align the medium-term target with broader sustainability goals and international frameworks, such as the Paris Agreement ◈ Create a comprehensive strategy encompassing various initiatives, and partnerships to achieve the medium-term target	◈ Set a long-term emissions reduction target that aligns with global climate objectives, aiming for carbon neutrality or net-zero emissions by 2050

Material Topics	Short-Term Target (1-2 years)	Medium-Term Target (2030)	Long-Term Target (2050)
Impact on Environment and Natural Resources	◈ Monitor energy usage in our office premises and across our value chain ◈ Promote more energy saving habits and initiatives ◈ Regularly track progress and assess the effectiveness of the initiatives	◈ Include disclosure of quantitative metrics and targets	◈ Reduce energy consumption to achieve overall net zero GHG emissions target
Climate Change	◈ Monitor our operations for potential climate-related risks ◈ Commencement of the assessment of Scope 3 emissions and progressive data collection for relevant categories ◈ Establish quantitative metrics and targets for GHG emissions	◈ Include disclosures of the quantitative impact of identified climate-related risks ◈ Include disclosure of Scope 3 emissions	◈ Achieve net zero GHG emissions

SOCIAL

At Metech, we strongly uphold the importance of fostering a supportive work environment that nurtures the professional growth and advancement of our employees. Our unwavering dedication lies in cultivating an inclusive and collaborative Group culture that embraces the diverse viewpoints and backgrounds of our staff, empowering them to reach their highest capabilities. To achieve this, we offer a wide range of training courses, programs, and educational opportunities, ensuring that our employees thrive and, in turn, bolster the resilience of the entire Group.

SUSTAINABILITY REPORT

Health and Safety

At Metech, the well-being and safety of our employees rank among our highest priorities. It is crucial to us that our workplaces are free from risks to safeguard the safety and welfare of our staff. To achieve this, we adopt a proactive and precautionary approach, consistently implementing measures that foster a secure and hazard-free working environment. By doing so, we aim to promote positive health outcomes and overall well-being for all our valued employees.

To maintain a safe work environment, we require our employees to strictly adhere to safety rules and procedures during their work. Additionally, we conduct regular safety awareness campaigns and provide training to ensure that all employees are well-informed about potential business hazards. This equips them to handle and respond effectively to emergencies, including fire incidents. As of the end of FP2023, we have no incidents on work-related fatalities, injuries, and ill-health.

Furthermore, Metech is committed to supporting our employees' well-being with a comprehensive health care package. This package not only includes statutory-required work insurances but also covers outpatient treatments, medical leave, and accident insurance. Our aim is to provide our employees with the necessary resources and care to lead healthy and secure lives.

Employment Practices and Compliance

Metech prioritises fair and performance-based employment and recruitment practices to attract top talent and ensure the retention of existing employees. To uphold these principles, the Group has established an Employment Handbook and various policies, including the Code of Conduct, which govern hiring, termination, and retirement procedures. Employee welfare practices are aligned with the Singapore Government's pro-family leave scheme, and key benefits encompass comprehensive remuneration packages, performance bonuses, leave entitlements, insurances, and reimbursement of medical and dental claims.

We also strongly believe in the value of diversity and inclusion, and we ensure that all employees, regardless of nationality, gender, age, race, or ethnicity, are treated with fairness, respect, and dignity. Our recruitment and employment practices are based on merit, fostering a positive corporate culture that values the contributions of every individual.

In addition, we are dedicated to providing a work environment that is conducive, safe, and free from discrimination. We strictly prohibit any form of retaliation against individuals who report allegations of discrimination, violations of the Code of Conduct, or any other instances of improper behaviour in good faith. In FP2023, we received no reports of child labour, forced labour, or compulsory labour involved in our business practices, further reaffirming our commitment to ethical and responsible employment practices.

SUSTAINABILITY **REPORT**

In FP2023, the total number of employees at Metech decreased by 44% compared to FY2022, from 9 to 5 employees. Among them, 3 were male and 2 were female. All our employees are permanent and full-time staff.

Metech had a turnover rate[2] of 257% in FP2023, which was primarily due to the addition of 14 employees across FP2023, and the subsequent cost-cutting exercises conducted by the Company in response to its financial position. It should also be noted that the high turnover rate is partly attributed to having a small employee count of 9 at the end of FY2022. Shareholders may refer to the table below for the breakdown of the employee turnover breakdown, segregated into age groups and gender. Metech aims to achieve its target set for a low employee turnover rate of 30% in FY2024.

Number of Employees by Age Group	**FP2023**
< 30 years old	1
30 – 50 years old	14
> 50 years old	3
Total	18
Number of Employees Turnover – by Gender	
Male	11
Female	7
Total	18

Metech remains dedicated to providing fair and progressive opportunities to all employees. The Group conducts annual performance evaluation reviews to identify individual development gaps and learning needs, following a lifelong learning approach. Additionally, feedback is actively sought from employees during the annual performance review to understand their expectations regarding the working environment and career progression. This feedback helps the Group tailor its efforts to meet employees' personal development needs and career aspirations.

In FP2023, performance appraisals were successfully conducted for all employees, and Metech plans to continue this practice in FY2024, ensuring ongoing support for employee growth and development.

[2] Turnover rate is computed by taking number of employees who left the Group in FP2023 divided by the average number of employees across the year. Average number of employees is obtained by adding the number of employees at the beginning and end of the year and dividing by two.

Staff Training and Development

Our dedication to investing in our human capital is unwavering, ensuring their skills and knowledge remain up-to-date. Each year, we prioritise upskilling and reskilling through a combination of internal and external training courses and programmes. These initiatives not only help our employees stay informed about industry trends but also ensure compliance with relevant regulations.

In addition to standard training, we have established immersive programmes lasting between three to six months, specifically designed to seamlessly integrate new hires into our Group. These programmes align them with our mission, vision, core values, and corporate culture, fostering a sense of belonging and purpose.

To address emerging challenges, we encourage employees to further enhance their skill sets by participating in courses offered by third-party organisations, such as ISCA and SID. Furthermore, we are open to exploring diverse training opportunities that prove beneficial to our employees. Our commitment to personal development and career advancement is unwavering, and we are willing to invest in the growth and success of our talented workforce.

In FP2023, our employees, on average, completed approximately 12 man-hours of training[3], further exemplifying our commitment to continuous learning and professional development.

Our Performance and Targets

The Board and Management set goals and targets to measure progress for each of the material factor under EESG. The table below summarises our performance in FP2023 for the targets set in FY2022:

Material Topics	Targets Set in FY2022	Performance in FP2023
Health and Safety	◈ Zero incidents of non-compliance with health and safety laws and regulations	◈ Achieved
Employment Practices and Compliance	◈ Maintain low employee turnover (30%) and zero non-compliance with employment regulations	◈ Not achieved As explained above, this target was not achieved due to the overall restructuring of the Company in response to the Company's financial position.

[3] Average hours of training is computed by dividing the total training hours attended by all employees by the total number of employees at the end of FP2023.

SUSTAINABILITY **REPORT**

Material Topics	Targets Set in FY2022	Performance in FP2023
Staff Training and Development	◈ Offer internal and external training courses that are beneficial to the personal development and career progression of our employees at all levels	◈ Achieved

We are determined to provide our employees with the necessary skillset, knowledge, and capabilities that will enable them to unlock their full potential. By doing so, we aspire to foster a collaborative and forward-thinking workforce, equipped to thrive in the future. To achieve these objectives, we have set the following targets for FY2024:

Material topics	Perpetual Target
Health and Safety	◈ Maintain zero incident of non-compliances with regulatory standards related to the health and safety of employees, customers, and workplace ◈ Maintain zero incidents related to work-related injuries, fatalities, or ill-health
Employment Practices and Compliance	◈ Maintain zero non-compliance with employment regulations
Staff Training and Development	◈ Offer internal and external training courses that are beneficial to the personal development and career progression of our employees at all levels

Material topics	Short-Term Target (1-2 years)	Medium-Term Target (2030)
Employment Practices and Compliance	◈ Maintain low employee turnover (30%)	◈ Maintain gender, age, and regional diversity of workforce ◈ Maintain average monthly turnover rate below the industrial average of 1.3 resignations per month.

GOVERNANCE

At Metech, we take a strong stance against corruption and non-compliance, maintaining a zero-tolerance approach. Our commitment lies in upholding exemplary business ethics and adhering to best practices in governance to promote corporate sustainability. Please refer to the Corporate Governance Report set out on pages 10 to 67 of our Annual Report 2023 for details on our compliance with the established Code of Governance ("**Code**").

Aligned with the Code's principles, we have introduced various sustainability measures to ensure the seamless integration of effective and robust governance practices into our decision-making processes and risk management strategies.

Business Conduct and Ethics

Whistle Blowing Policy

Metech places great emphasis on promoting transparency and accountability through its Whistle Blowing Policy. This policy actively encourages employees and third parties to report any potential improprieties, including suspected bribery, violations, or misconduct. To ensure a defined and secure process for raising concerns, the policy has received endorsement from the Audit Committee and approval from the Board of Directors.

One crucial aspect of the Whistle Blowing Policy is its commitment to safeguarding the confidentiality of the complainant's identity, providing assurance that there will be no fear of retaliation or reprisal for speaking up. Additionally, as part of the orientation process for new employees, they are briefed on essential policies, including the Whistle Blowing Policy, to ensure they are aware of the available channels for reporting concerns.

To maintain a high level of awareness and transparency, any changes or updates to the Whistle Blowing Policy will be effectively communicated to employees in writing when they occur. This proactive approach ensures that all stakeholders are well-informed and empowered to contribute to a culture of integrity and compliance within the Group. Employees and stakeholders are encouraged to report any breaches in ethical conducts via the Group's approved whistleblowing channels, i.e., via email at integrity@metechinternational.com.

Roadmap for EESG Risk Management

Metech recognises the utmost importance of maintaining a robust risk management system to protect the Group's interests and build trust with stakeholders. In response, the Group has developed a roadmap to integrate EESG risks into the existing enterprise risk management process, considering how these risks interact with traditional financial risks and identify potential interdependencies.

The Group plans to commence by conducting a thorough assessment of the Group's current risk management practices and the extent to which EESG factors are considered, as well as creating awareness among key stakeholders, including senior management and the board, about the importance of integrating EESG risks into the overall risk management framework. Metech plans to establish a Sustainability Steering Committee that aligns with the existing enterprise risk management structure, and aims to develop a clear policy and governance framework that sets out the Group's commitment to EESG risk management. This committee will play a crucial role in guiding the Group on the specific approaches to identify, assess, and manage climate- and sustainability-related risks and opportunities, encompassing environmental and social impacts. By adopting this proactive approach, Metech aims to stay ahead in safeguarding its sustainable growth and positive contributions to the environment and society.

Legal & Regulatory Compliance

Ensuring strict adherence to local laws and regulations remains a topmost priority for Metech, as it plays a crucial role in fostering trust among our stakeholders and solidifying our position in the lab-grown diamonds and environmental solution industry.

To guarantee compliance with all relevant laws and regulations, we have enlisted the expertise of external legal advisors. They conduct comprehensive reviews of our agreements, contracts, and regulatory submissions, keeping us well-informed about any updates or changes in existing laws. By relying on their professional advice, we maintain a proactive approach to staying compliant. Some of the key laws and regulations that Metech diligently complies with are as follows:

- Employment Act and Employment of Foreign Manpower Act;
- Companies Act;
- Catalist Rules of the SGX-ST Rulebook; and
- Personal Data Protection Act.

In FP2023, there were no incidents of non-compliance, and the Group remained fully aligned with all applicable regulations within the jurisdictions where we operate. This achievement reinforces our dedication to ethical business practices and regulatory responsibility.

Anti-Corruption and Fraud

As a Catalist-listed Group on the SGX-ST, Metech upholds a strong commitment to maintaining exemplary business conduct and vehemently opposes all forms of corruption. Our dedication to ethical practices is complemented by open and transparent communication platforms with our stakeholders, enabling us to achieve sustainability goals and metrics while maximising economic returns.

In addition to employing a transparent communication mechanism, we have implemented several measures to proactively address and mitigate the risks of bribery and corruption within the Group. To reinforce our anti-corruption efforts, we have appointed the CEO as the designated officer responsible for overseeing due obligations. This officer’s role includes identifying potential ethics non-compliance incidents, reporting them to the Board and management, and subsequently developing and executing escalation plans.

In FP2023, there were no incidents of non-compliance with anti-corruption laws and regulations, underscoring our commitment to ethical practices and responsible corporate governance. Through these measures, we continually reinforce our stance against corruption and strive to build trust among our stakeholders while maintaining sustainable growth and positive contributions to society.

Our Performance and Targets

The Board and Management set goals and targets to measure progress for each of the material factor under EESG. The table below summarises our performance in FP2023 for the targets set in FY2022:

Material Topics	Targets Set in FY2022	Performance in FP2023
Business Conduct and Ethics	◈ Zero incidents of non-compliance with laws and regulations ◈ Establish Sustainability Risk Framework	◈ Achieved ◈ In progress

The Group places great emphasis on robust corporate governance and ethical business practices, recognising their pivotal role in shaping Metech's progress towards sustainability objectives. With a firm commitment to compliance, Metech strives to uphold all relevant regulations and adhere to the principles outlined in the Code of Governance, ensuring responsible and sustainable business practices moving forward.

Material topics	Perpetual Target
Business Conduct and Ethics	◈ Maintain zero incidents of non-compliance and violations with the Singapore Code of Corporate Governance 2018 ◈ Maintain zero incidents of non-compliance and violations with Code of Business Conduct and Ethics ◈ Maintain zero incidents of material non-compliance with all other applicable law and regulations. ◈ Ensure human rights concerns and directive are recognised at the Board level and adopted through the value chain through risks and impact identification, prevention, and mitigation

ECONOMIC

Metech is focused on achieving long-term improvements in its economic performance through efficient management of its business portfolio and operations. To achieve this, the Group places a high priority on a comprehensive evaluation process that takes into account not only financial aspects but also environmental, social, and governance criteria. This approach ensures that sustainability principles are promoted and integrated into the decision-making process, aligning with Metech's commitment to responsible and sustainable business practices.

Economic Value Generated and Distributed

Financial Year		FP2023 SGD'000
Economic Value Generated		655
Economic Value Distributed	Operating Costs	10,319
	Employee Wages and Benefits	1,815
	Capital Providers	42
	Government	–
	Communities	–
	Total Economic Value Distributed	12,176
Economic Value (Distributed)/Retained		(11,521)

The Group maintains a strong sense of resilience and vigilance in monitoring the dynamic market conditions and sustainable customer preferences. Our commitment is to remain relevant in the industry, while enhancing our services and performance. Through these efforts, we aim to stay responsive to changing market demands, foster sustainable growth, and reinforce our position as a leading player in the industry.

Our Target

For our economic performance in the future, we have the following targets based on the current reporting year FP2023.

Material Topic	Short-Term Target (1-2 years)	Medium-Term Target (2030)	Long-Term Target (2050)
Economic Performance	◈ Maintain a healthy and positive financial position	◈ Set quantifiable targets for energy efficiency to reduce the carbon footprint and lower operating expenses	◈ Attain long-term financial stability and profitability by integrating sustainability into core business strategies

To understand more about our economic performance, please refer to pages 105 to 170 of the Annual Report for FP2023.

GRI Content Index

Metech has reported the information cited in this GRI content index for the period from 1 July 2022 to 31 December 2023 with reference to the GRI Standards.

GRI Standard	Disclosure Number & Title	Section Reference
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual Report: Financial Statements (Pg 98 to 173)
	2-2 Entities included in the organisation's sustainability reporting	Annual Report: Financial Statements (Pg 98 to 173)
	2-3 Reporting period, frequency and contact point	Sustainability Report: About this report (Pg 68)
	2-4 Restatements of information	Not applicable, no restatement of information.
	2-5 External assurance	Metech has not sought external assurance for this reporting period and may consider it in the future.
	2-6 Activities, value chain and other business relationships	Annual Report: Business Overview (Pg 7 to 9)

SUSTAINABILITY **REPORT**

GRI Standard	Disclosure Number & Title	Section Reference
	2-7 Employees	Sustainability Report: Social (Pg 82 to 86)
	2-8 Workers who are not employees	Not applicable, we do not engage subcontractors for outsourcing of manpower.
	2-9 Governance structure and composition	Sustainability Report: Sustainability Governance Structure (Pg 69 to 70)
	2-10 Nomination and selection of the highest governance body	Annual Report: Corporate Governance Report (Pg 43 to 44)
	2-11 Chair of the highest governance body	Annual Report: Corporate Governance Report (Pg 25 to 26)
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Report: Sustainability Governance Structure (Pg 69 to 70)
	2-13 Delegation of responsibility for managing impacts	Sustainability Report: Sustainability Governance Structure (Pg 69 to 70)
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Report: Sustainability Governance Structure (Pg 69 to 70)
	2-15 Conflicts of interest	Annual Report: Corporate Governance Report (Pg 26 to 27)
	2-16 Communication of critical concerns	Annual Report: Corporate Governance Report (Pg 26 to 27) Sustainability Report: Business Conduct and Ethics – Whistle Blowing Policy (Pg 87)
	2-17 Collective knowledge of the highest governance body	Annual Report: Corporate Governance Report (Pg 43 to 44)
	2-18 Evaluation of the performance of the highest governance body	Annual Report: Corporate Governance Report (Pg 44)
	2-19 Remuneration policies	Annual Report: Corporate Governance Report (Pg 46 to 50)

GRI Standard	Disclosure Number & Title	Section Reference
	2-20 Process to determine remuneration	Annual Report: Corporate Governance Report (Pg 46 to 50)
	2-21 Annual total compensation ratio	Not disclosed due to confidentiality reasons.
	2-22 Statement on sustainable development strategy	Sustainability Report: Board Statement (Pg 67)
	2-23 Policy commitments	Sustainability Report: Governance (Pg 86 to 89)
	2-24 Embedding policy commitments	Sustainability Report: Governance (Pg 86 to 89)
	2-25 Processes to remediate negative impacts	Sustainability Report: Governance (Pg 86 to 90)
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Report: Stakeholder Engagement (Pg 70 to 73) Sustainability Report: Business Conduct and Ethics – Whistle Blowing Policy (Pg 87)
	2-27 Compliance with laws and regulations	Sustainability Report: Governance (Pg 88)
	2-28 Membership associations	Metech has memberships and association with relevant organisations, such as Singapore Business Federation and Singapore-China Business Association.
	2-29 Approach to stakeholder engagement	Sustainability Report: Stakeholder Engagement (Pg 70 to 73)
	2-30 Collective bargaining agreements	Not applicable, no collective bargaining agreements are in place.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Report: Materiality Assessment (Pg 74 to 76)
	3-2 List of material topics	

SUSTAINABILITY **REPORT**

GRI Standard	Disclosure Number & Title	Section Reference
Topic-specific disclosure		
Economic Performance GRI 3: Material Topics 2021/GRI 201: Economic Performance 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Annual Report: Financial Statements (Pg 98 to 173)
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Sustainability Report: Economic Performance (Pg 90)
Business Conduct and Ethics GRI 3: Material Topics 2021/GRI 205: Anti-Corruption 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Anti-corruption & Fraud (Pg 88 to 89)
GRI 205: Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Sustainability Report: Anti-corruption & Fraud (Pg 88 to 89)
Impact on Environment and Natural Resources GRI 3: Material Topics 2021/GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Environmental (Pg 76 to 82)
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Sustainability Report: Environmental (Pg 76 to 82)
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
Emissions GRI 3: Material Topics 2021/GRI 305: Emissions 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Environmental (Pg 76 to 82)
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Sustainability Report: Environmental (Pg 79 to 82)
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	

GRI Standard	Disclosure Number & Title	Section Reference
Employment Practices and Compliance GRI 3: Material Topics 2021/GRI 401: Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Employment Practices and Compliance (Pg 83 to 86)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Sustainability Report: Employment Practices and Compliance (Pg 83 to 86)
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
Health and Safety GRI 3: Material Topics 2021/GRI 403: Occupational Health and Safety 2018		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Health and Safety (Pg 83 to 86)
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Sustainability Report: Health and Safety (Pg 83 to 86)
	403-6 Promotion of worker health	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
Staff Training and Development GRI 3: Material Topics 2021/GRI 404: Training and Education 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Staff Training and Development (Pg 83 to 86)
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Sustainability Report: Staff Training and Development (Pg 83 to 86)
	404-2 Programmes for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	

SUSTAINABILITY REPORT

GRI Standard	Disclosure Number & Title	Section Reference
Employment Practices and Compliance GRI 3: Material Topics 2021/GRI 406: Non-discrimination 2016		
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainability Report: Staff Training and Development (Pg 83 to 86)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Sustainability Report: Employment Practices and Compliance (Pg 83 to 86)

TCFD DISCLOSURES

Governance		
TCFD 1(a)	Describe the board's oversight of climate-related risks and opportunities.	Pages 76 to 78
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pages 81 to 82
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	

Risk Management		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	Page 78
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 78 to 82
TCFD 4(b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	

DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

The directors present their statement to the members together with the consolidated financial statements of Metech International Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the financial period from 1 July 2022 to 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

In the opinion of the directors:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group for the period ended on that date; 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 as discussed in Note 3(b) to the consolidated financial statements.

1 Directors

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

Wang Zhuo	(Executive director and Chief Executive Officer) (Appointed on 28 March 2023)
Lucy Yow Su Chin	(Independent director) (Appointed on 22 September 2023)
Er Kwong Wah	(Independent director) (Appointed on 9 November 2023)
Hwang Kin Soon Ignatius	(Independent director) (Appointed on 20 May 2024)

2 Arrangements to Enable Directors to Acquire Shares or Debentures

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

DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 Directors' Interests in Shares or Debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "**Act**"), the particulars of interests of directors who held office at the end of the financial period in shares or debentures of the Company, and/or of related corporations (other than wholly owned subsidiaries), are as follows:

	Shareholdings registered in the name of the director	
Name of Directors	**At 1 July 2022**	**At 31 December 2023**
The Company		
Number of ordinary shares		
Ng Cheng Huat(#)	10,935,400	**10,935,400**

(#) Ng Cheng Huat was removed as the Company's director by way of shareholder's meeting held on 11 May 2024.

There was no change in any of the above-mentioned interests between the end of the financial period and 21 January 2024.

Except as disclosed in this statement, no directors who held office at the end of the financial period had interests in shares or debentures of the Company, and/or of related corporations, either at the beginning of the financial period, or date of appointment, if later, or at the end of the financial period.

4 Share Options

Other than the share incentive schemes as disclosed in the Report on Corporate Governance included in the Company's Annual Report and information disclosed elsewhere in the financial statements:

Options Granted

During the financial period, no options to take up unissued shares of the Company or its subsidiaries were granted.

Options Exercised

During the financial period, there were no shares of the Company or its subsidiaries issued by virtue of the exercise of options to take up unissued shares.

DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

4 Share Options (Continued)

Unissued Shares under Option

At the end of the financial period, there were no unissued shares of the Company or its subsidiaries under option.

5 Warrants

Date of issue	Warrants outstanding at 1 July 2022	Warrants issued	Warrants exercised	Warrants outstanding at 31 December 2023	Date of expiration	Exercise price per share
19 October 2021	8,503,750	–	–	**8,503,750**	18 October 2024	S$0.210

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company.

6 Audit Committee

The members of the Audit Committee at the end of the financial period were as follows:

Er Kwong Wah (Chairman)
Chng Hee Kok
Lucy Yow Su Chin

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Code of Corporate Governance and assists the Board of Directors in the execution of its corporate governance responsibilities within its established terms of reference.

The duties of the Audit Committee, amongst other things, include:

(a) review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Group's/Company's system of internal accounting controls and the assistance given by the Group's/Company's management to the external and internal auditors;

DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

6 Audit Committee (Continued)

The duties of the Audit Committee, amongst other things, include: (Continued)

(b) review the half-year announcement of financial statements, annual financial statements and the auditors' report on the annual consolidated financial statements of the Company and its subsidiaries before their submission to the Board of Directors;

(c) review the effectiveness of the Group's/Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews carried out by the internal auditors;

(d) review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

(e) review the cost effectiveness and the independence and objectivity of the external auditors;

(f) review the nature and extent of non-audit services provided by the external auditors;

(g) recommend to the Board of Directors the external auditors to be nominated, approve the compensation of the external auditors and review the scope and results of audit;

(h) report actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate;

(i) review and approve interested person transactions in accordance with the requirements of the Listing Manual Section B: Rules of Catalist of the SGX-ST; and

(j) undertake such other functions and duties as may be agreed to by the Audit Committee and the Board of Directors.

The Audit Committee, having reviewed all non-audit services (if any) provided by the independent auditors to the Group, is satisfied that there were no non-audit services rendered that would affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee has met with the independent auditors, without the presence of the Company's management, at least once a year.

It is the opinion of the Board of Directors with the concurrence of the Audit Committee that the Group's internal controls including financial, operational, compliance and information technology controls, were adequate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

6 Audit Committee (Continued)

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance included in the Company's Annual Report.

The Audit Committee has recommended to the Board of Directors the nomination of Moore Stephens LLP for their re-appointment as independent auditors of the Company at the forthcoming Annual General Meeting.

7 Independent Auditors

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

....

Wang Zhuo
Director

....

Er Kwong Wah
Director

Singapore
14 June 2024

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF METECH INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

1. We were engaged to audit the financial statements of Metech International Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

2. We do not express an opinion on the accompanying financial statements of the Company. The matter described in the *Basis for Disclaimer of Opinion* section of our report is significant. We have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

3. <u>Use of the going concern assumption</u>

   We draw your attention to Note 3(b) to the financial statements which indicates that the Group and the Company incurred a net loss and total comprehensive loss for the financial period from 1 July 2022 to 31 December 2023 amounting to S$11,521,000 (financial year ended 30 June 2022 ("**FY2022**"): S$2,595,000) and S$11,344,000 (FY2022: S$2,778,000) respectively and net cash flows used in operating activities of S$4,963,000 (FY2022: S$3,141,000) during the current financial period ended 31 December 2023. As at that date, the Group and the Company have net current liabilities of S$655,000 (30 June 2022: net current assets of S$5,976,000) and S$496,000 (30 June 2022: net current assets of S$10,746,000) respectively. The Company has net liabilities of S$468,000 (30 June 2022: net assets of S$10,746,000).

   The above conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

   Management has prepared the financial statements on a going concern basis based on a cash flow projection as stated in Note 3(b) to the financial statements. The cash flow projection is premised on future events, the outcomes of which are inherently uncertain.

   In the light of the material uncertainties discussed above, we do not have sufficient appropriate audit evidence regarding the use of the going concern assumption in the preparation of the financial statements. Consequently, we were unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF METECH INTERNATIONAL LIMITED

Basis for Disclaimer of Opinion (Continued)

In the event that the Group and the Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for liabilities that might arise, and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

Responsibilities of Management and Directors for the Financial Statements

4. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**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.

5. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

6. Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

   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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF METECH INTERNATIONAL LIMITED

Report on Other Legal and Regulatory Requirements

7. In our opinion, in view of the significance of the matter referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

   The engagement partner on the audit resulting in this independent auditor's report is Chong Jia Yun, Michelle.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
14 June 2024

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

	Note	Group Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Revenue	5	29	5,224
Cost of sales		(37)	(5,173)
Gross (loss)/profit		(8)	51
Other income:			
Others	6	583	224
Interest income	6	43	2
Expenses:			
Administrative expenses		(4,550)	(2,670)
Loss allowance on trade and other receivables	15	(686)	–
Impairment loss on property, plant and equipment	12	(4,066)	–
Allowance on inventories	14	(257)	–
Other expenses		(2,538)	(338)
Finance costs	7	(42)	(32)
Loss before income tax	8	(11,521)	(2,763)
Income tax expenses	10	–	–
Loss after income tax, from continuing operations		(11,521)	(2,763)
Profit from discontinued operations	22	–	168
Net loss for the period/year after income tax		(11,521)	(2,595)
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on currency translation differences		177	(183)
Other comprehensive income/(loss) for the period/year, net of tax		177	(183)
Total comprehensive loss for the period/year		(11,344)	(2,778)
Loss for the period/year attributable to:			
Equity holders of the Company		(8,583)	(1,910)
Non-controlling interests		(2,938)	(685)
		(11,521)	(2,595)
Total comprehensive loss for the period/year attributable to:			
Equity holders of the Company		(8,406)	(2,093)
Non-controlling interests		(2,938)	(685)
		(11,344)	(2,778)
Basic and diluted loss per share (cents per share) attributed to equity holders of the Company			
Loss per share from continuing operations	11	(5.66)	(1.50)
Earnings per share from discontinued operations		–	0.08

The accompanying notes form an integral part of these financial statements

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2023

	Note	Group 2023 S$'000	Group 2022 S$'000	Company 2023 S$'000	Company 2022 S$'000
ASSETS					
Non-current Assets					
Property, plant and equipment	12	**1,090**	6,403	**8**	–
Investments in subsidiaries	13	**–**	–	**20**	*
		1,090	6,403	**28**	*
Current Assets					
Inventories	14	**–**	483	**–**	–
Trade and other receivables	15	**212**	285	**60**	10,560
Cash and cash equivalents	16	**51**	6,053	**22**	629
		263	6,821	**82**	11,189
Total Assets		**1,353**	13,224	**110**	11,189
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**189,134**	189,134	**189,134**	189,134
Reserves	18	**(299)**	(157)	**–**	–
Accumulated losses	18	**(187,619)**	(179,036)	**(189,602)**	(178,388)
		1,216	9,941	**(468)**	10,746
Non-controlling interest	13	**(856)**	1,763	**–**	–
Total Equity		**360**	11,704	**(468)**	10,746
LIABILITIES					
Non-current Liabilities					
Lease liabilities	21	**–**	600	**–**	–
Provisions	19	**75**	75	**–**	–
		75	675	**–**	–
Current Liabilities					
Other payables	20	**887**	642	**578**	443
Lease liabilities	21	**17**	188	**–**	–
Contract liabilities	5	**14**	15	**–**	–
		918	845	**578**	443
Total Liabilities		**993**	1,520	**578**	443
Total Equity and Liabilities		**1,353**	13,224	**110**	11,189

* Less than S$1,000

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

	Attributable to equity holders of the Company						
Group	**Share capital S$'000**	**Translation reserve S$'000**	**Other reserves S$'000**	**Accumulated losses S$'000**	**Total S$'000**	**Non-controlling interest S$'000**	**Total Equity S$'000**
2023							
Balance at 1 July 2022	**189,134**	**(157)**	**–**	**(179,036)**	**9,941**	**1,763**	**11,704**
Loss for the period	**–**	**–**	**–**	**(8,583)**	**(8,583)**	**(2,938)**	**(11,521)**
Other comprehensive income, net of tax – Exchange differences on currency translation differences	**–**	**177**	**–**	**–**	**177**	**–**	**177**
Total comprehensive income/ (loss) for the period	**–**	**177**	**–**	**(8,583)**	**(8,406)**	**(2,938)**	**(11,344)**
Acquisition of additional interest by the Group from non-controlling interest (Note 13)	**–**	**–**	**(319)**	**–**	**(319)**	**319**	**–**
Balance at 31 December 2023	**189,134**	**20**	**(319)**	**(187,619)**	**1,216**	**(856)**	**360**
2022							
Balance at 1 July 2021	179,010	26	–	(177,126)	1,910	–	1,910
Loss for the year	–	–	–	(1,910)	(1,910)	(685)	(2,595)
Other comprehensive income, net of tax – Exchange differences on currency translation differences	–	(183)	–	–	(183)	–	(183)
Total comprehensive loss for the year	–	(183)	–	(1,910)	(2,093)	(685)	(2,778)
Issuance of Ordinary Shares (Note 17)	10,248	–	–	–	10,248	–	10,248
Less: Share issue expenses	(124)	–	–	–	(124)	–	(124)
Investment in subsidiaries by non-controlling interests (Note 13)	–	–	–	–	–	2,555	2,555
Disposal of a subsidiary (Note 13)	–	–	–	–	–	(107)	(107)
Balance at 30 June 2022	189,134	(157)	–	(179,036)	9,941	1,763	11,704

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

	Note	Group Period from 1.7.2022 to 31.12.2023 S$'000	Group Year ended 30.6.2022 S$'000
Cash Flows from Operating Activities			
Loss before income tax, from continuing operations		(11,521)	(2,763)
Profit before income tax from discontinued operations		–	168
Adjustments for:			
Depreciation of property, plant and equipment	12	730	190
Loss allowance on trade and other receivables	15	686	–
Impairment loss on property, plant and equipment	12	4,066	–
Gain on disposal of a subsidiary		–	(1)
Unrealised foreign exchange loss/(gain)		277	(97)
Loss on disposal of property, plant and equipment		57	–
Waiver of other payables		(30)	–
Property, plant and equipment written off		573	–
Allowance on inventories	14	257	–
Written off of inventories		483	–
Loss on termination of right-of-use assets	12	54	–
Interest income		(43)	(2)
Interest expense		42	32
Operating cash flows before changes in working capital		(4,369)	(2,473)
Changes in working capital:			
Inventories		(257)	(483)
Trade and other receivables		(613)	(268)
Other payables and contract liabilities		275	113
Cash used in operating activities		(4,964)	(3,111)
Interest received		43	2
Interest paid		(42)	(32)
Net cash used in operating activities		(4,963)	(3,141)
Cash Flows from Investing Activities			
Additions of property, plant and equipment	12	(839)	(3,360)
Proceeds from disposal of property, plant and equipment		348	–
Net cash flow from acquisition of a subsidiary	13	–	(507)
Net cash flow from disposal of a subsidiary	13	–	567
Net cash used in investing activities		(491)	(3,300)
Cash Flows from Financing Activities			
Proceeds from issuance of ordinary shares, net of share issuance expenses		–	10,124
Subscriptions of investment by non-controlling interests		–	245
Repayment of lease liabilities		(439)	(110)
Net cash (used in)/generated from financing activities		(439)	10,259
Net (decrease)/increase in cash and cash equivalents		(5,893)	3,818
Cash and cash equivalents at the beginning of the financial period/year		6,053	2,138
Effect of exchange rate changes on balances of cash held in foreign currencies		(109)	97
Cash and cash equivalents at the end of the financial period/year	16	51	6,053

The accompanying notes form an integral part of these financial statements

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

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

1 CORPORATE INFORMATION

Metech International Limited (the "**Company**") is a public limited liability company incorporated and domiciled in Singapore with its registered office and principal place of business at 2 Venture Drive #08-10 Vision Exchange Singapore 608526. The Company is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 13.

2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)s")

(a) Application of New and Revised Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except that for the current financial period, the Group has adopted all the new and revised SFRS(I) and interpretations of SFRS(I) ("**INT SFRS(I)**") issued that are relevant to the Group and effective for annual financial periods beginning on or after 1 July 2022. The adoption of the new and revised SFRS(I) has had no material financial impact on the financial statements of the Group.

(b) New and Revised Standards Issued but Not Yet Effective

As at the date of authorisation of the financial statements, the Group has not adopted the following new or revised SFRS(I) that have been issued and which are relevant to the Group but will only be effective for the Group for the annual periods beginning on or after 1 January 2024. Management is in the process of assessing the impact of these new standards/ amendments on the financial performance or financial position of the Group and is of the view that the adoption of these new standards/amendments will not have material impact on the consolidated financial statements in the period of initial application.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)s") (Continued)

(b) New and Revised Standards Issued but Not Yet Effective (Continued)

At the date of authorisation of these financial statements, the Group has not adopted the following new and revised standards applicable to the Group that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1, *Disclosure of Accounting Policies and SFRS(I) Practice Statement 2 – Making Materiality Judgements*	1 January 2023
Amendments to SFRS(I) 1-8, *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 1-12, *International Tax Reforms – Pillar Two Model Rules*	1 January 2023
Amendments to SFRS(I) 1-1, *Classification of Liabilities as Current and Non-Current*	1 January 2024
Amendments to SFRS(I) 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 1-1, *Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 1-7, *Supplier Finance Arrangements*	1 January 2024
Amendments to SFRS(I) 1-21 *the Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*	1 January 2025

Amendments to SFRS(I) 1-1
Disclosure of Accounting Policies and SFRS(I) Practice Statement 2 – Making Materiality Judgements

The amendments require entities to disclose their material accounting policies information rather than their significant accounting policies. It clarifies that accounting policy information may be material because of its nature, even if the related amounts are immaterial. Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

Amendments to SFRS(I) 1-8
Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a new definition of accounting estimates. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)s") (Continued)

(b) New and Revised Standards Issued but Not Yet Effective (Continued)

Amendments to SFRS(I) 1-12
Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to SFRS(I) 1-12
International Tax Reforms – Pillar Two Model Rules

The amendments introduce a mandatory temporary exception from the requirement to recognise and disclose deferred taxes arising from the OECD International Tax Reform. It also added disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The requirement that an entity applies the exemption immediately upon issuance of the amendments and retrospectively in accordance with SFRS(I) 1-8. The remaining disclosure requirements shall be applied for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

Amendments to SFRS(I) 1-1
Classification of Liabilities as Current and Non-Current

The amendments require that the classification of liabilities as current or non-current must be based on rights that are in existence at the end of the reporting period. The classification is unaffected by management's intentions or expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments clarify that a counterparty conversion option that is recognised separately as an equity component of a compound financial instrument does not affect the classification of the associated liability component as current or non-current. All other obligations to transfer equity instruments, cash, assets and liabilities, affect the classifications. The amendments should be applied retrospectively.

Amendments to SFRS(I) 16
Lease Liability in a Sale and Leaseback

The amendments require that the seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

2 APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS (INTERNATIONAL) ("SFRS(I)s") (Continued)

(b) New and Revised Standards Issued but Not Yet Effective (Continued)

<u>Amendments to SFRS(I) 1-1</u>
Non-current Liabilities with Covenants

The new amendments aim to improve the information an entity provides when its rights to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting date. The amendments introduce additional disclosure requirements. When an entity classifies a liability arising from a loan agreement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes that enables users of the financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period.

<u>Amendments to SFRS(I) 1-7</u>
Supplier Finance Arrangements

The amendments in SFRS(I) 1-7 require an entity to disclose information about its supplier finance arrangements whether the entity has accessed, or has access to, supplier finance arrangements that provide the entity with extended payment terms or the entity's suppliers with early payment terms. In addition, new disclosure is added in SFRS(I) 7 to require entity to disclose concentrations of liquidity risk and market risk may arise from supplier finance arrangements resulting in the entity concentrating with finance providers a portion of its financial liabilities originally owed to suppliers. An entity is required to apply the amendments to SFRS(I) 7 when it applies the amendments to SFRS(I) 1-7.

<u>Amendments to SFRS(I) 1-21</u>
The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

The amendments require to assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. When a currency is not exchangeable into another currency, an entity needs to estimate the spot exchange rate at a measurement date. It also added new disclosure requirements for affected entities to enable users of financial statements to understand the impact of a currency not being exchangeable. Consequential amendments are made to SFRS(I) 1 to align with and refer to the revised SFRS(I) 1-21 for assessing exchangeability.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Companies Act 1967 and SFRS(I). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Going Concern Assumption

The Group and the Company incurred a net loss and total comprehensive loss for the financial period amounting to S$11,521,000 (financial year ended 30 June 2022 ("**FY2022**"): S$2,595,000) and S$11,344,000 (FY2022: S$2,778,000) respectively and net cash flows used in operating activities of S$4,963,000 (FY2022: S$3,141,000) during the current financial period ended 31 December 2023. As at that date, the Group and the Company have net current liabilities of S$655,000 (30 June 2022: net current assets of S$5,976,000) and S$496,000 (30 June 2022: net current assets of S$10,746,000) respectively. The Company has net liabilities of S$468,000 (30 June 2022: net assets of S$10,746,000).

The above conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as going concerns and therefore they may be unable to realise their assets and discharge their liabilities in the normal course of business.

Notwithstanding the above, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial period ended 31 December 2023 is appropriate after taking into consideration the following factors:

i. Management has prepared a cash flow projection for its operations for the next twelve months from 31 December 2023 and are satisfied that the Group will have sufficient cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Going Concern Assumption (Continued)

ii. The Group has plans to raise capital and obtaining additional funds for working capital and investment opportunities and management will continue to evaluate various strategies to obtain alternative sources of finance where necessary to enable the Group to meet its obligations as and when they fall due. The Company has also obtained an understanding from major shareholders to provide financial support for any subsequent fund raising exercise to ensure the going concern of the Group, including the incoming new business model.

iii. Subsequent to the period end, the Company has obtained an interest free loan of S$1.0 million, to be repaid 12 months from the date of the loan agreement which was on 25 March 2024, subject to the terms and conditions set out in the loan agreement.

iv. Subsequent to the period end, the Company has successfully raised amount of S$612,000 from a placement exercise to a strategic investor.

v. The Group is implementing cost cutting measures.

vi. The Group will take all necessary actions to expedite and shorten the receivables collection period and monetise its non-core assets of approximately S$1.0 million.

vii. The Group is also concurrently in the midst of discussion and negotiation for collaboration opportunities with various strategic partners to generate short-to-midterm revenue, one of which is the proposed collaboration with a Taiwan agricultural technology company which the Company has signed a binding memorandum of understanding with on 2 April 2024. The Company endeavours to enter into a proposed joint venture in due course.

In the event that the Group and the Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are recorded in the statements of financial position. In addition, the Group and the Company may have to provide for liabilities that might arise, and to reclassify non-current assets as current assets. No such adjustments have been made to these financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Group Accounting

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests comprise the portion of a subsidiary’s net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and statements of financial position.

Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Group Accounting (Continued)

Acquisition of businesses

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

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

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value unless another measurement basis is required by SFRS(I).

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Group Accounting (Continued)

Acquisition of businesses (Continued)

The excess of the sum of the fair value of the consideration transferred in the business combinations, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill on the statement of financial position.

Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard. Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Transaction with non-controlling interests

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

(d) Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(e) Foreign Currencies

Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

The consolidated financial statement is presented in Singapore Dollar (S$), which is the Company's functional and presentation currency. All values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign Currencies (Continued)

Transactions and balances

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Translation of Group entities' financial statements

The results and financial position of each entity in the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rates at the end of the reporting period;

- income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve within equity. These currency translation differences are reclassified to profit or loss on disposal (i.e. a disposal involving loss of control) of the entity giving rise to such reserve. Any currency translation differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign Currencies (Continued)

Translation of Group entities' financial statements (Continued)

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the reporting date.

(f) Property, Plant and Equipment (including right-of-use assets)

Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation

Depreciation is charged so as to write off the cost of assets over their useful lives, using the straight-line method, on the following bases:

Leasehold buildings	2 to 6.2 years
Renovation	5.5 years
Plant and equipment	2 to 10 years
Motor vehicles	3 to 9.1 years
Furniture and fittings	3 years

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, Plant and Equipment (including right-of-use assets) (Continued)

Depreciation (Continued)

The residual value, useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure

Subsequent expenditure related to property, plant and equipment that has been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Other subsequent expenditures are recognised as repair and maintenance expenses in profit or loss during the financial year when incurred.

Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Impairment of Non-Financial Assets

Non-financial assets are tested for impairment whenever there is any indication that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of Non-Financial Assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The amount of any write-down of inventories to net realisable value and all losses, is recognised in the period the written off or loss occurs. Cost is determined as the average cost of production, using the weighted average method. Cost includes cost of raw materials, labour and an attributable portion of overheads.

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

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Assets

Classification and measurement

The Group classifies its financial assets at amortised costs.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

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

Initial recognition

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

The subsequent measurement categories depend on the Group's business model for managing the asset and the cash flow characteristics of the asset.

For debt instruments measured at amortised cost, these are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Assets (Continued)

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with the financial assets measured at amortised costs and financial guarantee contracts.

Loss allowances of the Group are measured on either of the following bases:

- 12-month expected credit loss – represents the expected credit loss that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime expected credit loss – represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach – Trade receivables

The Group applies the simplified approach to provide expected credit losses for all trade receivables as permitted by SFRS(I) 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

General approach – Other financial assets

The Group applies the general approach to provide for expected credit loss on all other financial assets, which requires the loss allowance to be measured at an amount equal to 12-month expected credit loss at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime expected credit loss. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Assets (Continued)

Impairment (Continued)

General approach – Other financial assets (Continued)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month expected credit loss.

The Group considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating expected credit loss is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. The evidence includes the observable data about the significant financial difficulty of the borrower and default or past due event.

Measurement of expected credit loss

Expected credit losses are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Assets (Continued)

Recognition and Derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset measured at amortised cost, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss.

(j) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, bank deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Financial Liabilities

Financial liabilities include other payables and lease liabilities. They are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

All financial liabilities, except for financial liabilities, at fair value through profit or loss, are recognised initially at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. For financial liabilities, at fair value through profit or loss, they are subsequently measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Derivatives

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

Fair value changes on derivatives that are not designated nor do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

(m) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(n) Other Payables

Other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(p) Leases

When the Group is the lessee

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

The Group recognised right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are presented within “Property, plant and equipment” in the consolidated statements of financial position. Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Leases (Continued)

When the Group is the lessee (Continued)

Lease payments included in the measurement of the lease liability comprise the following:

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

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

Lease liabilities are measured at amortised cost, and are remeasured when:

- there is a change in future lease payments arising from changes in an index or rate;
- there is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a modification to the lease term.

When lease liabilities are re-measured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Leases (Continued)

When the Group is the lessee (Continued)

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

Variable lease payments that are not based on an index or a rate are not included in the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(q) Government Grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

(r) Share Capital

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

(s) Employee Benefits

Employee benefits are recognised as an expense, unless the costs qualify to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Revenue

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

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

<u>Sale of goods</u>

Revenue from the sale of goods is recognised at a point in time when the control of the goods is transferred to the end customers (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer).

A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due or associated costs.

Certain contracts for the sale of goods, the Group has transaction prices that include an element of consideration that is variable, which is subject to the final price. The final price is dependent on the development of metal prices listed under the London Metal Exchange within a quotational period which commence upon receipt of the cargo payment or pricing deposit. For such contracts, the Group estimates the price for the amount of variable consideration to which it will be entitled in exchange for transferring the goods to the customer under the relevant contract. The variable consideration is estimated based on the expected value method – the sum of probability weighted amounts in a range of possible outcomes, as the contracts have similar characteristics. Variable consideration is only recognised as revenue when it is highly unlikely that a reversal for the sale of goods will occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income Tax

Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reporting in the profit or loss because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income Tax (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segment.

(w) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the "reporting entity").

a. A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control over the reporting entity;

ii. has significant influence over the reporting entity; or

iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Related Parties (Continued)

b. An entity is related to a reporting entity if any of the following conditions applies:

i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

iii. both entities are joint ventures of the same third party;

iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

vi. the entity is controlled or jointly controlled by a person identified in (a);

vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

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

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Fair Value Estimation

The carrying amounts of current financial assets and current financial liabilities, carried at amortised cost, are assumed to approximate their fair values.

The fair values of financial instruments trade in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the reporting date. The quoted market prices used for financial assets held by the Group are the current bid prices and the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as estimated discounted cash flows, are also used to determine fair values of the financial instruments.

The fair value of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

(y) Discontinued Operations

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

(a) represents a major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management considers whether there are any indications that these assets may be impacted adversely. If any such indication existed, an estimate was made of the realisable amount and/or fair value of the relevant assets.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

The Group makes estimates and assumptions concerning the figure. The resultant accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Critical Judgements in Applying the Accounting Policies

In the process of applying the Group's accounting policies, management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates.

(b) Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Impairment of investments in subsidiaries

Management reviews the Company's investments in subsidiaries (including loan receivables from subsidiaries which are in substance part of the net investments in subsidiaries, if any) at each reporting date to determine whether there is any indication that these investments may have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated to determine the amount of impairment loss.

The Company's management determined the recoverable amounts of the individual cash-generating units based on the higher of the fair value less cost of disposal and value-in-use calculations as disclosed in Note 3(g) to the financial statements. The calculations require the use of estimates and assumptions. Changes to these estimates and assumptions would result in changes in the carrying amount of the Company's investment in a subsidiary at the reporting date.

During the financial period ended 31 December 2023, the Company recognised impairment loss on investments in subsidiaries as the recoverable amounts based on fair value less cost to sell, which approximated their net assets/liabilities positions at reporting date, were lower than its carrying amounts as disclosed in Note 13 to the financial statements. The allowances for impairment loss charged to the Company's profit or loss are disclosed in Note 13.

(ii) Impairment for property, plant and equipment

Management reviews the Group's property, plant and equipment at each reporting date to determine whether there is any indication that this property, plant and equipment may have suffered an impairment loss. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to determine the amount of impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

4 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(ii) Impairment for property, plant and equipment (Continued)

Based on external and/or internal sources of information, there are impairment indicators for the property, plant and equipment. The Group's management determined the recoverable amounts of the individual cash-generating units in accordance with accounting policy Note 3(g) to the financial statements.

During the financial period ended 31 December 2023, the Group recognised an impairment loss of S$4,066,000 (30.6.2022: Nil) on property, plant and equipment to its recoverable amounts based on higher of fair value less cost to sell and value-in-use, as disclosed in Note 12 to the financial statements. The impairment loss on the property, plant and equipment is disclosed in Note 12 to the financial statements. The carrying amount of the Group's property, plant and equipment is disclosed in Note 12 to the financial statements.

(iii) Valuation of inventories

The Group measures the inventories in accordance with the accounting policy as disclosed in Note 3(h). The Group's management measured the inventories at the lower of cost and net realisable value. In ascertaining net realisable value, significant judgements and estimates is involved in estimating the expected selling prices less the estimated costs of completion and the estimated costs to be incurred in marketing, selling and distribution.

Allowance on inventories charged to profit or loss is disclosed in the consolidated statement of comprehensive income. The carrying amount of the Group's inventories is disclosed in Note 14 to the financial statements.

(iv) Loss allowance for trade and other receivables

The Group measures the loss allowance for receivables in accordance with the accounting policy as disclosed in Note 3(i). In making this estimation and judgement, the Group evaluates, among other factors, the ageing analysis of receivables, the financial healthiness and collection history of individual debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macro-economic indicators, etc.

The carrying amount of the Group's and the Company's trade and other receivables at 31 December 2023 are disclosed in Note 15. The information about the expected credit losses on the Group's trade and other receivables are disclosed in Note 15 and Note 26(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

5 REVENUE

Disaggregation of revenue from contract with customers

The Group's revenue is disaggregated by principal geographical areas, major product and service line and timing of revenue recognition. This is consistent with the revenue information as disclosed in Note 25.

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Principal geographical market		
People's Republic of China	–	1,916
Singapore	29	3,291
Others	–	17
	29	5,224

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Major product or service line and time of recognition		
Performance obligations satisfied at a point in time		
Sale of goods – Lab-grown diamonds	29	2,782
Sale of goods – Nickel and Gold Ingot and jewellery setting	–	2,442
	29	5,224

Contract balances

	Group	
	31.12.2023 S$'000	30.6.2022 S$'000
Contract liabilities		
Advances from customers	**14**	15

The advances from customers relate to deposits received from customers held by the Group for future sales of goods. The advances from customers are interest-free and are not secured by any collateral.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

5 REVENUE (Continued)

Contract balances (Continued)

Significant changes in contract liabilities balances during the financial period are as follows:

	Group	
	31.12.2023 S$'000	**30.6.2022 S$'000**
Contract liabilities		
Balance at beginning of the period/year	**15**	–
Advance payment recognised as sales	**–**	15
Translation difference	**(1)**	–
Balance at end of the period/year	**14**	15

6 OTHER INCOME

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	**Year ended 30.6.2022 S$'000**
Foreign exchange gain (unrealised and realised)	–	213
Government grants income*	53	10
Gain on disposal of a subsidiary	–	1
Waiver of other payables	30	–
Compensatory damages receivables (Note 28(b))	483	–
Others	17	–
	583	224
Interest income	43	2
	626	226

* includes the Jobs Growth Incentive grant and Market Readiness Assistance grant provided by the Singapore government.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

7 FINANCE COSTS

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Interest expense on:		
– lease liabilities	42	27
– loan from third party	–	5
	42	32

8 LOSS BEFORE INCOME TAX

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
This is arrived at after charging:		
Cost of sales: Cost of inventories sold	37	5,173
Administrative expenses:		
Depreciation of property, plant and equipment	730	190
Employee benefits (Note 9)	1,815	1,065
Directors' fees	–	169
Low value assets written off	20	10
Advertising and exhibition expenses	11	444
Travelling expenses	94	204
Entertainment expenses	17	59
Research expenses (inventories written off) (Note 14)	101	–
Fees on audit services paid/payable to:		
– Auditors of the Company	235	90
Professional fees (Note a)	1,849	650
Other expenses:		
Loss on disposal of property, plant and equipment	57	–
Property, plant and equipment written off	573	–
Written off of inventories (Note 14 and Note 28(b))	483	–
Foreign exchange loss	331	–
Loss on termination of right-of-use assets	54	–

There were no non-audit fees paid/payable to the auditors of the Company during the financial period ended 31 December 2023 and financial year ended 30 June 2022.

(a) Professional fees amounted to S$1,050,000 (30.6.2022: S$337,000) are included in other expenses as management classified them as non-recurring professional fees.

9 EMPLOYEE BENEFITS EXPENSES

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Employee benefits comprised:		
– Salaries and bonuses	1,633	946
– Employer's contribution to Central Provident Fund	142	106
– Other short-term employee benefits	40	13
	1,815	1,065

10 INCOME TAX EXPENSES

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Current income tax	–	–
	–	–

A reconciliation of the effective tax rate to the Group's tax rate applicable to loss before income tax are as follows:

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Loss before income tax, from continuing operations	(11,521)	(2,763)
Tax at the applicable tax rate of 17% (2022: 17%)	(1,959)	(470)
Income not subject to tax	(19)	(47)
Tax effect of non-deductible items	899	9
Deferred tax benefits not recognised	1,079	508
	–	–

The Group's applicable tax rate used for the reconciliation above is the corporate tax rate of 17% (30.6.2022: 17%) payable by corporate entities in Singapore on taxable profits under the relevant tax regulation. The remaining corporate entities of the Group operating in jurisdictions other than the above have either no taxable income or are not material.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

10 INCOME TAX EXPENSES (Continued)

As at the reporting date, the Group has unutilised tax losses and capital allowances of approximately S$18,270,000 and S$3,000 (30.6.2022: S$11,923,000 and S$3,000), respectively, that are available for offset against future taxable profits of those corporate entities of the Group in which these tax losses arose. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax regulation of the respective countries in which the corporate entities of the Group operate. The unutilised tax losses have no expiry dates.

The deferred tax assets arising from these unutilised tax losses and capital allowances of approximately S$3,106,000 (30.6.2022: S$2,027,000) have not been recognised in accordance with the Group's accounting policy in Note 3(u) to the financial statements.

11 LOSS PER SHARE

(a) Basic loss per share

	Group	
	Period from 1.7.2022 to 31.12.2023	Year ended 30.6.2022
(Loss)/profit for the period/year attributable to equity holders of the Company used in the computation of basic loss per share (S$'000)		
Loss for the period/year, from continuing operations	(8,583)	(2,011)
Profit for the period/year, from discontinued operations	–	101
	(8,583)	(1,910)
Weighted average number of ordinary shares for the purpose of computation of basic loss per share ('000)	151,556	134,077
Basic and diluted (loss)/earnings per share (cents per share)		
Loss per share, from continuing operations	(5.66)	(1.50)
Earnings per share, from discontinued operations	–	0.08

(b) Diluted loss per share

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

As at 31 December 2023, the Company has outstanding 8,503,750 (30.6.2022: 8,503,750) warrants that are convertible into 8,503,750 (30.6.2022: 8,503,750) ordinary shares, at the exercise price of S$0.210 (30.6.2022: S$0.210) per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

11 LOSS PER SHARE (Continued)

(b) Diluted loss per share (Continued)

There are no further potential dilutive shares during the financial period ended 31 December 2023 and financial year ended 30 June 2022.

Diluted loss per share is the same as basic earnings per share for the financial period ended 31 December 2023 and financial year ended 30 June 2022. The warrants issued were anti-dilutive during the financial period ended 31 December 2023 and financial year ended 30 June 2022.

12 PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings S$'000	Renovation S$'000	Plant and equipment S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Total S$'000
Group						
Cost						
Balance at 1 July 2021	163	–	–	–	–	163
Additions	634	765	4,720	300	24	6,443
Additions relating to acquisition of a subsidiary (Note 13)	–	–	–	5	–	5
Disposal relating to disposal of a subsidiary (Note 13)	–	–	–	(5)	–	(5)
Currency translation differences	*	–	–	*	–	*
Balance at 30 June 2022	797	765	4,720	300	24	6,606
Additions	–	37	639	153	10	839
Disposal/Written off	(634)	(802)	–	(453)	(3)	(1,892)
Currency translation differences	*	–	–	–	–	*
Balance at 31 December 2023	**163**	**–**	**5,359**	**–**	**31**	**5,553**
Less: Accumulated depreciation						
Balance at 1 July 2021	13	–	–	–	–	13
Depreciation for the year	116	12	39	22	1	190
Currency translation differences	*	–	–	*	*	*
Balance at 30 June 2022	129	12	39	22	1	203
Depreciation for the period	273	219	198	26	14	730
Disposal/Written off	(256)	(231)	–	(48)	(1)	(536)
Currency translation differences	*	–	–	–	–	*
Balance at 31 December 2023	**146**	**–**	**237**	**–**	**14**	**397**
Less: Accumulated impairment						
Balance at 1 July 2021 and 30 June 2022	–	–	–	–	–	–
Impairment for the period	–	–	4,066	–	–	4,066
Balance at 31 December 2023	**–**	**–**	**4,066**	**–**	**–**	**4,066**
Carrying amount						
Balance at 31 December 2023	**17**	**–**	**1,056**	**–**	**17**	**1,090**
Balance at 30 June 2022	668	753	4,681	278	23	6,403

* Less than S$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Right-of-use assets acquired under leasing arrangement are presented together with the owned assets of the same class. During the financial period ended 31 December 2023, the Group's disposal of property, plant and equipment included derecognition of right-of-use assets amounting to S$378,000. The Group derecognised the corresponding lease liabilities amounting to S$324,000 and a loss of S$54,000 is recorded in profit or loss (Note 8).

During the previous financial year ended 30 June 2022, the Group's additions of property, plant and equipment included S$634,000 additions of right-of-use assets under leasing arrangements (Note 21) and the addition of plant and machinery included S$2,270,000 non-cash contribution by non-controlling shareholders. The purchase of the motor vehicle of S$300,000 were partially paid in cash amounting to S$121,000 and the remaining amount of S$179,000 was under leasing arrangement.

During the financial period ended 31 December 2023, the Group recognised an impairment loss on property, plant and equipment amounting to S$4,066,000 to profit or loss. The impairment loss is made with reference to the recoverable amount of the property, plant and equipment which is based on the fair value less cost of disposal. The Group has obtained a quotation from a third-party vendor on the proposed selling price for the machinery and equipment. Management has impaired to such amount.

	Motor vehicles S$'000	Furniture and fittings S$'000	Total S$'000
Company			
Cost			
Balance at 1 July 2022	–	–	–
Additions	153	10	163
Disposal	(153)	–	(153)
Balance at 31 December 2023	**–**	**10**	**10**
Less: Accumulated depreciation			
Balance at 1 July 2022	–	–	–
Depreciation for the year	20	2	22
Disposal	(20)	–	(20)
Balance at 31 December 2023	–	2	2
Carrying amount			
Balance at 31 December 2023	**–**	**8**	**8**

During the financial period ended 31 December 2023, the Company's additions to property, plant and equipment included S$153,000 motor vehicle which was fully paid in cash and disposed of during the financial period. The net book value of the disposal of motor vehicle amounted to S$133,000 and recorded a loss of S$38,000 in profit or loss.

13 INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2023 S$'000	30.6.2022 S$'000
Equity investments, at cost		
Balance at beginning of the period/year	**22,600**	22,600
Add: Additions	**3,920**	–
Less: Written off	**(22,500)**	–
Balance at end of the period/year	**4,020**	22,600
Less: Impairment losses on equity investments		
Balance at beginning of the period/year	**22,600**	22,600
Add: Impairment loss recognised in profit or loss	**3,900**	–
Less: Written off	**(22,500)**	–
Balance at end of the period/year	**4,000**	22,600
Carrying amount		
Balance at end of the period/year	**20**	*

* Less than S$1,000

(a) The details of the subsidiaries held by the Group and the Company are as follows:

Name of Company/ country of incorporation	Principal activities	Percentage of effective equity interest held by the Group 31.12.2023 %	30.6.2022 %
Held by the Company			
Metech Recycling (Singapore) Pte. Ltd.(1) Singapore	Provision of a one-stop recycling and processing service centre for the electronics industry and the trading of plastics and non-precious metal materials	**–**	100
Metech Dynamics Pte. Ltd.(2) Singapore	General wholesale trade (including general importers and exporters) and wholesale trade of a variety of goods without a dominant product	**100**	100
Asian Green Tech Pte. Ltd.(2) Singapore	Engineering design and consultancy services in energy management and clean energy system	**100**	100
Metech Diamond Pte. Ltd.(3)(4) Singapore	Provision of one-stop training or solutions in relation to production of lab-grown diamonds	**100**	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

13 INVESTMENTS IN SUBSIDIARIES (Continued)

(a) The details of the subsidiaries held by the Group and the Company are as follows: (Continued)

Name of Company/ country of incorporation	Principal activities	Percentage of effective equity interest held by the Group	
		31.12.2023 %	30.06.2022 %
Held by the Company (Continued)			
Metech Diamond Solutions Pte. Ltd.[3][4] Singapore	Provision of one-stop training or solutions in relation to production of lab-grown diamonds	**100**	–
Held by Metech Dynamics Pte.Ltd.			
Zhongxin Minghua (Shanghai) International Trade Co., Ltd.[4] People's Republic of China	General wholesale trade	**100**	100
Held by Asian Green Tech Pte.Ltd.			
Asian Eco Technology Pte. Ltd.[2] Singapore	Manufacturing and distribution of lab-grown diamonds	**80**	51

(1) Metech Recycling (Singapore) Pte. Ltd. was struck off from the register of ACRA on 7 August 2023.
(2) Audited by Moore Stephens LLP, Singapore.
(3) Entities newly incorporated during the financial period ended 31 December 2023.
(4) Reviewed by Moore Stephens LLP, Singapore for the purposes of consolidation.

(b) Incorporation of subsidiaries

On 10 April 2023, the Company incorporated a wholly-owned subsidiary, Metech Diamond Solutions Pte. Ltd. in Singapore which has an issued and paid-up capital of S$10,000 divided into 10,000 ordinary shares.

On 19 April 2023, the Company incorporated a wholly-owned subsidiary, Metech Diamond Pte. Ltd. in Singapore which has an issued and paid-up capital of S$10,000 divided into 10,000 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

13 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) Additional interests in a subsidiary

On 27 September 2021, the Group, through its wholly-owned subsidiary, Asian Green Tech Pte. Ltd., incorporated a 51% owned subsidiary, Asian Eco Technology Pte. Ltd. in Singapore. Asian Eco Technology Pte. Ltd. has a total of issued and paid-up capital of S$5,132,650 divided into 5,132,650 ordinary shares. The non-controlling shareholder contributed S$245,000 paid in cash and S$2,270,000 non-cash contribution for the addition of plant and machinery.

On 3 March 2023, the Group through its wholly-owned subsidiary, Asian Green Tech Pte. Ltd., acquired an additional 29% equity interest in Asian Eco Technology Pte. Ltd., from its non-controlling interest, representing 1,488,468 shares, for a consideration of S$1. Following this acquisition, the Group's interests in Asian Eco Technology Pte. Ltd increased from 51% to 80%. The Group recognised a decrease of S$319,000 to other reserves and an increase of S$319,000 to non-controlling interests in the consolidated Statement of Changes in Equity.

(d) Additional investment in a subsidiary

On 20 June 2023, the Company further invested S$3,900,000 to its subsidiary, Metech Dynamics Pte. Ltd. by capitalising a total amount of S$3,900,000 due and owing from Metech Dynamics Pte. Ltd to the Company.

In the previous financial year ended 30 June 2022, the Group's wholly-owned subsidiary, Metech Dynamics Pte. Ltd. further invested S$400,000 to its subsidiary, Zhongxin Minghua (Shanghai) International Trade Co., Ltd.

(e) Impairment assessment of subsidiaries

During the current financial period ended 31 December 2023, the Company recognised an impairment loss on investments in subsidiaries amounting to S$3,900,000 (financial year ended 30 June 2022: Nil) as its recoverable amounts based on fair value less cost to sell, which are assessed to approximate its net assets/liabilities positions at reporting date, were lower than its carrying amounts and the subsidiaries are in loss positions. The fair value of the investments is measured under Level 3 of the Fair Value Hierarchy, as defined in Note 26(e).

(f) Acquisition and disposal of a subsidiary in financial year ended 30 June 2022

On 21 September 2021, the Group acquired 60.0% equity interests in Blufu Water (Xinmin) Co., Ltd, a company incorporated in the People's Republic of China from a third party. The total purchase consideration amounted to S$516,000, paid in cash.

In the same financial year, the Group disposed its entire interest in Blufu Water (Xinmin) Co. Ltd to a third party for a cash consideration of S$618,000, paid in cash.

13 INVESTMENTS IN SUBSIDIARIES (Continued)

(f) Acquisition and disposal of a subsidiary in financial year ended 30 June 2022 (Continued)

Assets and liabilities recognised as a result of the acquisition/disposal

	Acquisition 30.6.2022 S$'000	Disposal 30.6.2022 S$'000
Carrying amounts of assets and liabilities		
Cash and bank balances	9	51
Intangible assets – goodwill	–	456
Property, plant and equipment (Note 12)	5	5
Trade and receivables	268	647
Contract assets	336	–
Trade and other payables	(518)	(435)
Total identifiable net assets recognised/de-recognised	100	724
Less: Non-controlling interests		(107)
Total net assets disposed off		617
Purchase consideration	516	
Add: Non-controlling interests	40	
Less: Net assets acquired/disposed	(100)	
Goodwill arising on acquisition	456	
Net assets disposed off		617
Gain on disposal of subsidiary		1
Cash proceeds on disposal		618
Effect on cash flows of the Group		
Cash (paid)/received	(516)	618
Add/Less: Cash and cash equivalents	9	(51)
Net cash (outflow)/inflow	(507)	567

The goodwill arose in the initial acquisition included amounts in relation for the benefit of expected synergies, revenue growth of the entity and these was subsequently included as part of the consideration on disposal of the entity in the same year.

Impact of acquisitions on the results of the Group

Included in the profit for the financial year ended 30 June 2022 was S$168,000 and revenue for the year included S$388,000 attributed to the additional business generated by Blufu Water (Xinmin) Co., Ltd.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

13 INVESTMENTS IN SUBSIDIARIES (Continued)

(f) Acquisition and disposal of a subsidiary in financial year ended 30 June 2022 (Continued)

Impact of acquisitions on the results of the Group (Continued)

Had this business combination been effected from 1 July 2021 up to the disposal as disclosed under Note 22, the revenue of the Group from continuing operations would have been S$5,645,000, and the loss for the year from continuing operations would have been S$2,611,000. The Directors of the Group considered these 'pro-forma' numbers to present an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in the future.

(g) Interest in subsidiaries with material non-controlling interests

The Group has the following subsidiaries that have material non-controlling interests as at the reporting date:

	Asian Eco Technology Pte. Ltd. (20%) S$'000
31.12.2023	
Accumulated non-controlling interest at 1 July 2022	**1,763**
Loss allocated to non-controlling interests	**(2,938)**
Acquisition of additional interest by the Group from non-controlling interest	**319**
Accumulated non-controlling interest at 31 December 2023	**(856)**

	Asian Eco Technology Pte. Ltd. (49%) S$'000	**Blufu Water (Xinmin) Co., Ltd. (40%) S$'000**	**Total S$'000**
30.6.2022			
Investments by non-controlling interests during the year	2,515	40	2,555
(Loss)/profit allocated to non-controlling interests	(752)	67	(685)
Disposal of a subsidiary	–	(107)	(107)
Accumulated non-controlling interest at 30 June 2022	1,763	–	1,763

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

13 INVESTMENTS IN SUBSIDIARIES (Continued)

(g) Interest in subsidiaries with material non-controlling interests (Continued)

Summarised financial information (before intragroup eliminations) in respect of subsidiaries with material non-controlling interests is set out below:

	Asian Eco Technology Pte. Ltd.	
	31.12.2023 S$'000	30.6.2022 S$'000
Summarised Statement of Financial Position		
Non-current assets	**669**	6,028
Current assets	**140**	2,306
Non-current liabilities	**(75)**	(488)
Current liabilities	**(5,012)**	(4,248)
Total shareholder (deficit)/surplus	**(4,278)**	3,598
Summarised Statement of Profit or Loss and Other Comprehensive Income		
Revenue	**–**	2,782
Other income	**32**	–
Expenses	**(7,908)**	(4,317)
Loss and total comprehensive loss for the period/year	**(7,876)**	(1,535)
Summarised Cash Flow		
Net cash used in operating activities	**(1,895)**	(1,756)
Net cash used in investing activities	**(164)**	(3,239)
Net cash generated from financing activities	**490**	6,576

14 INVENTORIES

	Group	
	31.12.2023 S$'000	30.6.2022 S$'000
At cost or net realisable value:		
Raw materials	**–**	314
Finished goods	**–**	169
	–	483
Inventories are stated after deducting allowance for inventories	**257**	–
Movements in allowance:		
Balance at beginning of the period/year	**–**	–
Charged to profit or loss (Note 8)	**257**	–
Balance at end of the period/year	**257**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

14 INVENTORIES (Continued)

During the financial period ended 31 December 2023, finished goods recognised in cost of sales amounted to S$37,000 (30.6.2022: S$5,173,000).

During the financial period ended 31 December 2023, the Group wrote off inventories, summarised as follows:

(a) Diamond seeds amounted to S$101,000 charged to profit or loss, "Research expenses";

(b) Missing diamond seeds and loose diamonds amounted to S$483,000 charged to profit or loss, "Inventories written off" (Note 28(b)).

15 TRADE AND OTHER RECEIVABLES

		Group		Company	
		31.12.2023 S$'000	30.6.2022 S$'000	31.12.2023 S$'000	30.6.2022 S$'000
Trade receivables	(a)	**14**	14	**–**	–
Less: Allowances for impairment losses		**(14)**	–	**–**	–
		–	14	**–**	–
Other receivables:					
Amounts due from subsidiaries (non-trade)	(b)	**–**	–	**8,283**	15,149
Other receivables – third parties	(c)	**483**	1,238	**483**	–
Deposits	(d)	**149**	102	**7**	–
Advances	(e)	**235**	138	**–**	–
		867	1,478	**8,773**	15,149
Less: Allowances for impairment losses		**(672)**	(1,226)	**(8,720)**	(4,603)
Financial assets		**195**	252	**53**	10,546
Prepayments		**11**	18	**4**	14
GST receivables		**6**	1	**3**	–
		212	271	**60**	10,560
Total trade and other receivables		**212**	285	**60**	10,560

(a) Trade receivables

Trade receivables are non-interest bearing and generally has credit of 30 to 90 (30.6.2022: 30 to 90) day terms. Loss allowance for trade receivables is measured in accordance with the accounting policy as disclosed in the accounting policy Note 3(i) to the financial statements. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

15 TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

The Group's credit risk exposure in relation to trade receivables are set out in the provision matrix as presented below. The Group's provision for loss allowance is based on past due as the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	Gross carrying amounts S$'000	Lifetime expected credit losses S$'000	Net carrying amounts S$'000
Group			
31.12.2023	**14**	**(14)**	**–**
30.6.2022	14	–	14

The movements in the allowance account used to record the impairment loss for trade receivables during the financial period/year are as follows:

	Group	
	31.12.2023 S$'000	30.6.2022 S$'000
Balance at beginning of the period/year	**–**	101
Impairment loss recognised in profit or loss	**14**	–
Write off impairment loss	**–**	(101)
Balance at end of the period/year	**14**	–

(b) Amounts due from subsidiaries (non-trade)

Except for a non-trade balance of S$2,798,000 (30.6.2022: S$3,450,000) due from subsidiaries as at 31 December 2023, which is non-trade in nature, unsecured, interest bearing at 6% per annum, repayable by 22 October 2023, the remaining non-trade balance of S$5,485,000 (30.6.2022: S$11,699,000) due from subsidiaries are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

15 TRADE AND OTHER RECEIVABLES (Continued)

(b) Amounts due from subsidiaries (non-trade) (Continued)

The movements in the impairment loss allowance account for amount due from subsidiaries, measured based on lifetime expected credit loss, during the financial period/year are as follows:

	Company	
	31.12.2023 S$'000	30.6.2022 S$'000
Balance at beginning of the period/year	**4,603**	4,296
Impairment loss recognised in profit or loss	**3,680**	307
Balance at end of the period/year	**8,283**	4,603

(c) Other receivables – third parties

The movements in the impairment loss allowance account for other receivables, measured based on lifetime expected credit loss, during the financial period/year are as follows:

	Group		Company	
	31.12.2023 S$'000	30.6.2022 S$'000	31.12.2023 S$'000	30.6.2022 S$'000
Balance at beginning of the period/year	**1,226**	1,226	**–**	–
Impairment loss recognised in profit or loss	**437**	–	**437**	–
Written off impairment loss	**(1,226)**	–	**–**	–
Balance at end of the period/year	**437**	1,226	**437**	–

(d) Deposits

These deposits included rental deposit, deposits for purchase of property, plant and equipment and deposits placed with professional parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

15 TRADE AND OTHER RECEIVABLES (Continued)

(e) Advances

The advance payment to a supplier for purchase of lab grown diamonds and to a former non-controlling interest for purchase of lab grown diamonds and business travelling expenses were unsecured, interest free and repayable on demand. During the financial period ended 31 December 2023, the Group fully impaired the advances measured based on lifetime expected credit loss as follows:

	Group	
	31.12.2023 S$'000	30.6.2022 S$'000
Balance at beginning of the period/year	**–**	–
Allowances for impairment loss	**235**	–
Balance at end of the period/year	**235**	–

The impairment loss was made as management is of the view that these advances are not recoverable. Management has taken steps to recover the advances from supplier as no diamonds have been received by the Group. The Group will commence legal action to apply to the Court to freeze the bank accounts of the supplier.

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2023 S$'000	30.6.2022 S$'000	31.12.2023 S$'000	30.6.2022 S$'000
Cash and bank balances	**51**	6,053	**22**	629

Bank balances are interest-bearing. Interest earned during the current financial period and previous financial year are considered insignificant.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprised the cash and bank balances of the Group as set out above.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

17 SHARE CAPITAL

	Group and Company			
	31.12.2023		30.6.2022	
	No. of ordinary shares '000	Amount S$'000	No. of ordinary shares '000	Amount S$'000
Issued and fully paid:				
Balance at beginning of the period/year	**151,556**	**189,134**	100,040	179,010
Issuance of ordinary shares	**–**	**–**	51,516	10,248
Share issue expenses	**–**	**–**	–	(124)
Balance at end of the period/year	**151,556**	**189,134**	151,556	189,134

Ordinary shares of the Company have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

During the previous financial year ended 30 June 2022, the following transactions are entered:

- Issuance of 33,346,500 ordinary shares via placement of 33,346,500 shares at S$0.210 per share.
- Issuance of 16,673,250 warrants ("**2021 Warrants**"), of which 8,169,500 warrants have been exercised and 8,169,500 ordinary shares issued at S$0.210 per share.
- Exercised of 10,000,000 warrants ("**2019 Warrants**") and 10,000,000 ordinary shares issued at S$0.153 per share.

Accordingly, the Group issued 51,516,000 ordinary shares for a total aggregate consideration of S$10,248,000.

As at 31 December 2023 and 30 June 2022, 8,503,750 "2021 Warrants" remained outstanding.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

18 RESERVES

	Group		Company	
	31.12.2023 S$'000	30.6.2022 S$'000	31.12.2023 S$'000	30.6.2022 S$'000
Translation reserves	**20**	(157)	**–**	–
Other reserves (Note 13(c))	**(319)**	–	**–**	–
Accumulated losses	**(187,619)**	(179,036)	**(189,602)**	(178,388)
	(187,918)	(179,193)	**(189,602)**	(178,388)

The movements during the financial period/year are disclosed in the Group's consolidated statement of changes in equity

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

19 PROVISIONS

	Group	
	31.12.2023 S$'000	30.6.2022 S$'000
Balance at beginning of the period/year	**75**	–
Additions for reinstatement costs	**–**	75
Balance at end of the period/year	**75**	75

20 OTHER PAYABLES

	Group		Company	
	31.12.2023 S$'000	30.6.2022 S$'000	31.12.2023 S$'000	30.6.2022 S$'000
Sundry creditors	**370**	237	**222**	29
Accruals for:				
– professional fees	**407**	166	**273**	133
– staff costs	**77**	141	**41**	77
– other costs	**33**	65	**33**	36
Deposits	**–**	5	**–**	–
GST payable	**–**	28	**–**	16
Amount due to subsidiaries	**–**	–	**9**	152
Total	**887**	642	**578**	443

The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

21 LEASE LIABILITIES

(a) The Group as a lessee

The Group made period lease payments for buildings for the office and residential premises. These are recognised within property, plant and equipment (Note 12). The Group's recognised lease liabilities and the carrying amounts of right-of-use assets at reporting date are as follows:

	Group	
	31.12.2023 S$'000	**30.6.2022 S$'000**
Leasehold buildings	**17**	668
Motor vehicles	**–**	278
	17	946

The additions of right-of-use assets classified within property, plant and equipment during the current financial period amounted to Nil (30 June 2022: S$813,000).

Depreciation charges on right-of-use assets classified within property, plant and equipment during the financial period/year are as follows:

	Group	
	31.12.2023 S$'000	**30.6.2022 S$'000**
Leasehold buildings	**273**	116
Motor vehicles	**26**	22
	299	138

21 LEASE LIABILITIES (Continued)

(a) The Group as a lessee (Continued)

Amounts recognised in the consolidated statement of comprehensive income and consolidated statement of cash flows are as follows:

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Interest expenses on lease liabilities	42	27
Total cash outflows for leases (excluding short-term leases)	439	110

The Group recognised lease liabilities as follows:

	Group	
	31.12.2023 S$'000	30.6.2022 S$'000
Lease liabilities:		
Current	**17**	188
Non-current	**–**	600
	17	788

22 DISCONTINUED OPERATIONS

As disclosed in Note 13(f), the Group disposed its entire interest in Blufu Water (Xinmin) Co. Ltd, which it acquired the 60.0% equity interest in the same financial year ended 30 June 2022. The principal activities of Blufu Water (Xinmin) Co. Ltd is that of provision of wastewater treatment services.

The results of the discontinued operations, included in the consolidated statement of comprehensive income are set out below.

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Profit for the year from discontinued operations		
Revenue	–	388
Other income	–	1
Expenses	–	(221)
Profit before income tax	–	168
Income tax expense	–	–
	–	168
Cash flows from discontinued operations		
Net cash inflows from operating activities	–	42

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

23 CASH FLOWS ARISING FROM FINANCING ACTIVITIES

The reconciliation of movement of liabilities to cash flows arising from financing activities are presented below:

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Lease liabilities		
Balance at beginning of the period/year	788	152
Repayment	(439)	(110)
Non-cash changes		
Adjustment to property, plant and equipment, less provisions	–	738
Termination of lease liabilities	(324)	–
Exchange differences	(8)	8
Balance at end of the period/year	17	788

24 RELATED PARTIES TRANSACTIONS

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. In addition to the transactions and balances disclosed elsewhere in the financial statements, related party transactions include the following:

(a) Key Management Personnel Compensation

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
Key management personnel compensation comprised:		
– Short-term employee benefits	668	354
– Central Provident Fund contributions	45	133
– Fees to Directors of the Company	–	169
	713	656
Comprised amounts paid/payable to:		
– Directors of the Company	538	523
– Other key management personnel	175	133
	713	656

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

24 RELATED PARTIES TRANSACTIONS (Continued)

(b) Other Related Party Transactions

	Group	
	Period from 1.7.2022 to 31.12.2023 S$'000	Year ended 30.6.2022 S$'000
With a former non-controlling interest by the Group's subsidiary		
Sales	–	1,061
Purchases	–	(770)
Purchase of property, plant and equipment	–	(4,678)
Purchase of inventories	–	(314)
With a non-controlling interest by the Company		
Board advisor fee paid	9	36
Consultant's fees paid (including CPF)	124	49

25 OPERATING SEGMENTS

The Group has three reportable segments, Lab-Grown Diamond, Supply-Chain Management and services and Corporate (30.6.2022: three reportable segments, Lab-Grown Diamond, Supply-Chain Management and services and Corporate) which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer (CEO) reviews and monitors the operating results of these strategic business units separately for the purpose of internal management reports on a monthly basis to make strategic decisions.

Segments

- Lab-Grown Diamond segment consists of manufacturing and distribution of lab-grown diamonds, commenced during the previous financial year ended 30 June 2022.
- Supply-Chain Management and services segment provides general wholesale trading of metal products, provides management and advisory of recycling and supply chain services.
- Corporate segment consists of investment holding company which does not meet any of the quantitative threshold for determining a reportable segment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment results before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

25 OPERATING SEGMENTS (Continued)

The following is an analysis of the Group's revenue and results by reportable segments:

	Lab-Grown Diamond S$'000	Supply-Chain Management S$'000	Corporate S$'000	Total S$'000
Group				
31.12.2023				
Segment revenue	**29**	**–**	**–**	**29**
Depreciation of property, plant and equipment	**(621)**	**(86)**	**(23)**	**(730)**
Finance costs	**(35)**	**(7)**	**–**	**(42)**
Segment results	**(7,305)**	**(1,201)**	**(3,015)**	**(11,521)**
Capital expenditure	**676**	**–**	**163**	**839**

	Lab-Grown Diamond S$'000	Supply-Chain Management S$'000	Corporate S$'000	Total S$'000
Group				
30.6.2022				
Segment revenue	2,782	2,442	–	5,224
Depreciation of property, plant and equipment	(115)	(75)	–	(190)
Finance costs	(14)	(18)	–	(32)
Segment results	(1,672)	(33)	(1,058)	(2,763)
Capital expenditure	6,143	300	–	6,443

	Group 31.12.2023 S$'000	Group 30.6.2022 S$'000
Segment assets		
Lab-Grown Diamond	**1,206**	8,334
Supply-Chain Management and services	**53**	3,414
Corporate	**94**	1,476
Consolidated total segment assets	**1,353**	13,224

	Group 31.12.2023 S$'000	Group 30.6.2022 S$'000
Segment liabilities		
Lab-Grown Diamond	**333**	870
Supply-Chain Management and services	**79**	304
Corporate	**581**	346
Consolidated total segment liabilities	**993**	1,520

25 OPERATING SEGMENTS (Continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Group's revenue from external customers		Group's non-current assets	
	31.12.2023 S$'000	30.6.2022 S$'000	31.12.2023 S$'000	30.6.2022 S$'000
Singapore	**29**	3,291	**1,090**	6,403
People's Republic of China	**–**	1,916	**–**	–
Germany	**–**	17	**–**	–
	29	5,224	**1,090**	6,403

Major customers

No major customer arose from sales during the current financial period. Included in revenue arising from Lab-Grown Diamond and Supply-Chain Management and services segment of S$5,224,000, were revenues of S$5,004,000 arose from sales to 3 major customers during the previous financial year.

26 FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Group is exposed to financial risks arising from its operations. The key financial risks include price risk, credit risk, foreign currency risk and liquidity risk.

Financial risk management is carried out by management under policies approved by the Board of Directors. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management of the Group.

(a) Price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. During the current financial period ended 31 December 2023, the effects of the price risk is not significant.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(b) Foreign currency risk

The Group operates in various countries. It is exposed to foreign exchange risk as it maintains its assets and liabilities in various currencies. Exposure to currency risk is monitored on an on-going basis and the Group endeavors to keep its net exposure at an acceptable level.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily Singapore Dollar ("**SGD**"), US Dollar ("**USD**") and Renminbi ("**RMB**").

To manage the foresaid foreign currency risk, the Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments of purchases in the same currency denomination.

The Group's foreign currency exposure based on the information provided to key management is as follows:

	SGD S$'000	USD S$'000	RMB S$'000	Total S$'000
Group				
31.12.2023				
Financial assets				
Trade and other receivables	195	–	*	195
Cash and bank balances	47	*	4	51
	242	*	4	246
Financial liabilities				
Other payables	(850)	–	(37)	(887)
Lease liabilities	(17)	–	–	(17)
	(867)	–	(37)	(904)
Net financial liabilities	(625)	–	(33)	(658)
Less: Net financial liabilities denominated in the respective entities' functional currencies	607	–	33	640
Currency exposure	(18)	–	–	(18)

* Less than S$1,000

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(b) Foreign currency risk (Continued)

The Group's foreign currency exposure based on the information provided to key management is as follows: (Continued)

	SGD S$'000	USD S$'000	RMB S$'000	Total S$'000
Group				
30.6.2022				
Financial assets				
Trade and other receivables	252	12	2	266
Cash and bank balances	2,240	3,555	258	6,053
	2,492	3,567	260	6,319
Financial liabilities				
Other payables	(585)	–	(29)	(614)
Lease liabilities	(788)	–	–	(788)
	(1,373)	–	(29)	(1,402)
Net financial assets	1,119	3,567	231	4,917
Less: Net financial (assets) denominated in the respective entities' functional currencies	(1,301)	(2,710)	(231)	(4,242)
Currency exposure	(182)	857	–	675

If USD strengthen/weaken by 5% against SGD, with all other variables including tax being held constant, the effect arising from the net financial assets/(liabilities) position on the Group's loss before income tax is considered insignificant.

The Company has not disclosed its exposure to foreign currency risk as the Company's exposure is considered insignificant.

(c) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(c) Credit risk (Continued)

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

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

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 120 days or there is significant difficulty of the counterparty.

The credit risk concentration profile of the Group's trade receivables as at the reporting date are as follows:

	Group	
	31.12.2023 S$'000	**30.6.2022 S$'000**
Trade receivables by country:		
– Germany	**14**	14

The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables

As disclosed in Note 3(i), the Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Further details on the loss allowance of the Group's credit risk exposure in relation to the trade receivables is disclosed in Note 15.

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(c) Credit risk (Continued)

Cash and bank balances

The cash and bank balances are entered into with bank and financial institution counterparties, which are rated A3, based on rating agency ratings. Impairment on cash and bank balances has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of expected credit losses for cash and bank balances to those used for debt investments. The amount of the allowance on cash and bank balances was considered insignificant.

Other receivables

For the purpose of impairment assessment, other than as disclosed elsewhere in the financial statements, other receivables are considered to have low credit risk as there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected loss basis.

In determining the expected credit loss allowance, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Other than as disclosed elsewhere in the financial statements, there has been no change in the estimation techniques or significant assumptions made during the current reporting period in measuring the loss allowance using 12-month expected credit loss.

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(c) Credit risk (Continued)

Credit risk grading guideline

The Group's management has established the Group's internal credit risk grading to the different exposures according to their degree of default risk. The internal credit risk grading which are used to report the Group's credit risk exposure to key management personnel for credit risk management purposes are as follows:

Internal rating grades	Definition	Basis of recognition of expected credit loss
i. Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
ii. Under-performing	There has been a significant increase in credit risk since initial recognition (i.e. interest and/or principal repayment are more than 30 days past due)	Lifetime ECL (not credit-impaired)
iii. Non-performing	There is evidence indicating that the asset is credit-impaired (i.e. interest and/or principal repayments are more than 90 days past due)	Lifetime ECL (credit impaired)
iv. Write-off	There is evidence indicating that there is no reasonable expectation of recovery as the debtor is in severe financial difficulty (i.e. interest and/or principal repayments are more than 180 days past due)	Asset is written off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(c) Credit risk (Continued)

Credit risk exposure and significant credit risk concentration

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades, is presented as follows:

	Internal credit rating	Expected credit loss (ECL)	Gross carrying amount S$'000	Expected credit loss allowance S$'000	Net carrying amount S$'000
Group					
31.12.2023					
Trade receivables	Non-Performing	Lifetime ECL (Simplified)	**14**	**(14)**	**–**
Other receivables	Performing	12-month ECL	**149**	**–**	**149**
Other receivables	Non-Performing	Lifetime ECL (Credit impaired)	**718**	**(672)**	**46**
30.6.2022					
Trade receivables	Under – Performing	Lifetime ECL (not credit-impaired)	14	–	14
Other receivables	Performing	12-month ECL	252	*	252
Other receivables	Non-Performing	Lifetime ECL (Credit impaired)	1,226	(1,226)	–
Company					
31.12.2023					
Other receivables	Performing	12-month ECL	**7**	**–**	**7**
Other receivables	Non-Performing	Lifetime ECL (Credit impaired)	**8,766**	**(8,720)**	**46**
30.6.2022					
Other receivables	Performing	12-month ECL	10,546	*	10,546
Other receivables	Non-Performing	Lifetime ECL (Credit impaired)	4,603	(4,603)	–

* Not material to adjust.

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Further discussion on the Group's liquidity is disclosed in Note 3(b).

Other than the maturity profile of the lease liabilities disclosed in the relevant note, the financial liabilities of the Group and the Company as at the reporting date are mostly repayable on demand or within the next one year.

(e) Fair value of financial instruments

Fair value measurements recognised in the statement of financial position

The Group has established control framework with respect to the measurement of fair values. This framework includes the finance team that reports directly to the Group's key management, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I)s, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

26 FINANCIAL INSTRUMENTS (Continued)

Financial Risk Management Objectives and Policies (Continued)

(e) Fair value of financial instruments (Continued)

Fair value hierarchy

The financial instruments that are measured subsequent to initial recognition at fair value are required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i. Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

ii. 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

iii. Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There was no transfer between Level 1 and 2 during the current and previous financial years.

Other financial assets and financial liabilities

For other non-current financial assets and financial liabilities, their carrying amounts are assumed to approximate fair values as management does not anticipate that the carrying amounts recorded at the reporting date would be significantly different from the amounts that would eventually be received or settled.

The fair values of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their carrying amounts because of the short-term maturity of these financial instruments.

27 CAPITAL MANAGEMENT

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

Management monitors capital with reference to a net debt-to-equity ratio. The Group's strategies are to maintain a prudent balance between the advantage and flexibility afforded by a capital position and the higher return on equity that are possible with greater leverage. The Group's overall strategy remains unchanged from the previous financial year.

27 CAPITAL MANAGEMENT (Continued)

The net debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (excluding income tax payable) less cash and cash equivalents. Total equity includes all capital and reserves of the Group that are managed as capital.

	Group	
	31.12.2023 S$'000	30.6.2022 S$'000
Net debts/(cash)	**942**	(4,533)
Total equity	**360**	11,704
Net debt-to-equity ratio	**2.62**	N.M.

* N.M. – Not meaningful as cash and cash equivalents are higher than total liabilities less income tax payable.

28 LEGAL CASES

Dispute by the Company against X Diamond Capital Pte. Ltd ("XDC"), Deng Yi Ming ("DYM"), Xu Kang ("XK") and Yang Hanyu ("YHY")

(a) Disputes with X Diamond (Originating Application HC/OA 148/2023)

The Company is a creditor of XDC pursuant to guarantee provided by XDC under Clause 6 of a Loan and Guarantee Agreement dated 22 October 2021 (the "**LG Agreement**") whereby the Company provided a S$4 million loan to Asian Eco Technology Pte Ltd ("**AET**"), a company that was set up pursuant to a joint venture between XDC and Asian Green Tech Pte. Ltd. ("**AGT**"), a wholly owned subsidiary of the Company.

On 26 January 2023, the Company issued a statutory demand to XDC, in its capacity as guarantor under the LG Agreement, demanding payment of S$1,301,023.06 (being 49% of the total outstanding amount under the LG Agreement). On 21 February 2023, XDC filed an application in HC/OA 148/2023 ("**OA 148**") to seek an order that it be placed under judicial management ("**JM**"). The hearing of OA 148 took place on 4 August 2023 and the Company obtained summary judgement on 8 September 2023. The Court allowed XDC's application for a JM Order and a judicial manager has been appointed.

Claims by the Group's subsidiary, AET, against XDC DYM and YHY

(b) Claims against DYM (Originating Claim HC/OC 161/2023)

AET commenced an Originating Claim against DYM on 13 March 2023. AET claims that DYM breached his directors' duties to AET while serving as its director, where he wrongfully converted, detained, and/or misappropriated 627 diamond seeds and 7 loose diamonds that rightfully belong to AET. AET is seeking (i) a declaration that DYM holds the 627 diamond seeds and 7 loose diamonds as constructive trustee for AET, (ii) an order that DYM delivers up and/or pays over to AET the 627 diamond seeds, the 7 loose diamonds, and/or their traceable proceeds, and (iii) further and/or in the alternative an order for damages to be assessed and be paid by DYM to AET.

28 LEGAL CASES (Continued)

Claims by the Group's subsidiary, AET, against XDC DYM and YHY (Continued)

(b) Claims against DYM (Originating Claim HC/OC 161/2023) (Continued)

AET obtained summary judgement against DYM on 10 August 2023. The Court made a declaration that DYM holds the 627 diamond seeds and 7 loose diamonds as a constructive trustee for AET and also ordered the damages to be assessed and be paid by DYM to AET. The Court ordered DYM to pay AET costs totaling S$34,000, excluding disbursements for the claim. On 17 October 2023, AET informed by its legal advisers that the Assistant Registrar of the High Court assessed the damages payable by DYM to AET for the missing diamond seeds and loose diamonds to be approximately S$483,000 with interests payables at 5.33% per annum from 13 May 2023 until payment.

During the financial period ended 31 December 2023, the Group has written off the diamond seeds and loose diamonds amounting to S$483,000 to profit or loss (Note 8).

(c) Claims against DYM (Originating Claim HC/OC 176/2023)

AET commenced an Originating Claim against DYM on 21 March 2023. AET claims that DYM breached his directors' duties to AET while serving as its director, where he arranged for XDC (a company where DYM was also serving as a director and shareholder) to sell 5 Microwave Plasma Chemical Vapour Deposition (MPCVD) machines to AET at overvalued prices. AET is seeking (i) an order for DYM to provide an account of and disgorge the secret profits made and/or their traceable proceeds, (ii) further or alternatively, an order that DYM pay AET a sum of S$3,382,650, and (iii) further or alternatively, damages to be assessed.

During the financial period ended 31 December 2023, the Group has made provision for impairment for certain plant and machinery as disclosed in Note 12 to the financial statements.

Settlement of legal cases

On 13 December 2023, the Company reached a settlement agreement with DYM, in which DYM agreed to repay S$483,000 in damages as assessed by the High Court. Both parties agreed to withdraw and terminate all legal actions related to the dispute over diamond seeds, loose diamonds, and alleged inflated machinery prices. Additionally, DYM agreed to withdraw XDC from the judicial management application.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD FROM 1 JULY 2022 TO 31 DECEMBER 2023

29 COMPARATIVE INFORMATION

During the current financial period ended 31 December 2023, the Company changed its financial year end from 30 June to 31 December.

The financial information for the current financial period is for a period of 18 months, from 1 July 2022 to 31 December 2023, and is not entirely comparative with the comparative financial information of the prior financial year.

30 EVENTS AFTER THE REPORTING DATE

(a) On 25 March 2024, the Company had entered into an S$1.0 million interest free loan agreement (the "**Loan Agreement**") with Mr. Cao Shixuan, who is currently employed as a manager of the Company (the "**Lender**"). Pursuant to the Loan Agreement, the Lender has agreed to extend an interest free loan of up to S$1.0 million (the "**Loan**") to the Company, subject to the terms and conditions set out in the Loan Agreement.

(b) On 24 May 2024, the Company has completed the Proposed placement of 18,000,000 new ordinary shares (the "**Placement Shares**") in the capital of the Company (the "**Placement**"). Following the allotment and issuance of 18,000,000 Placement Shares pursuant to the Placement, the number of ordinary shares in the capital of the Company ("**Shares**") has increased from 151,555,655 Shares (excluding treasury shares) to 169,555,655 Shares (excluding treasury shares).

(c) On 27 May 2024, the Company served a copy of an Originating Application filed by Solitaire LLP, on behalf of Mr. Ng Cheng Huat, in the high Court of the Republic of Singapore. The application requests:

i. a declaration that the Extraordinary General Meeting convened by the Company on 11 May 2024 is invalid and that all proceedings and the resolution passed at the meeting are void and of no effect; and

ii. a declaration that the Company reinstates Ng Cheng Huat as a Non-Executive and Non-Independent Director of the Company within five days of the order, or within such time the court deems fit.

Hearing date for the matters is fixed for 11 July 2024, 10 am.

STATISTICS OF SHAREHOLDINGS

AS AT 30 MAY 2024

No of Shares issued	:	169,555,655
Voting Rights	:	1 Vote per shares (excluding treasury shares and subsidiary holdings)
Class of Shares	:	Ordinary shares
Treasury Shares	:	Nil
Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3,980	35.28	155,889	0.09
100 – 1,000	5,261	46.64	1,722,579	1.02
1,001 – 10,000	1,571	13.93	4,924,740	2.90
10,001 – 1,000,000	445	3.94	27,693,048	16.33
1,000,001 AND ABOVE	24	0.21	135,059,399	79.66
TOTAL	**11,281**	**100.00**	**169,555,655**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	DBS NOMINEES (PRIVATE) LIMITED	18,833,918	11.11
2	HOCK WAI LOONG	18,000,000	10.62
3	NG ENG TIONG	16,150,000	9.52
4	ANG POH GUAN	11,910,000	7.02
5	PHILLIP SECURITIES PTE LTD	9,976,431	5.88
6	ZHANG YONGBI	7,258,100	4.28
7	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	6,783,946	4.00
8	XIANG TAO	6,757,250	3.99
9	FORT CANNING (ASIA) PTE LTD	5,000,000	2.95
10	WENG HUA YU @SIMON ENG	4,925,377	2.90
11	HAU CHAN YEN	4,475,700	2.64
12	TAN NG KUANG	3,115,840	1.84
13	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	3,033,300	1.79
14	LIM LIANG MENG	2,944,300	1.74
15	LIM HEAN NERNG	1,983,100	1.17
16	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,979,400	1.17
17	LIM BOK HOO	1,935,000	1.14
18	TAN HWEE KHENG	1,677,400	0.99
19	UOB KAY HIAN PRIVATE LIMITED	1,676,944	0.99
20	ZHONG BIHUA	1,548,100	0.91
	TOTAL	**129,964,106**	**76.65**

Based on the information available to the Company as at 30 May 2024, approximately 54.68% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Catalist Rules has been complied with.

STATISTICS OF **SHAREHOLDINGS**

AS AT 30 MAY 2024

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	**%**	**NO. OF SHARES**	**%**
SIMON ENG[(1)(2)]	10,383,446	6.12	9,475,700	5.59
HOCK WAI LOONG	18,000,000	10.62	–	–
NG ENG TIONG	16,150,000	9.52	–	–
ANG POH GUAN	11,910,000	7.02	–	–
NG CHENG HUAT[(3)]	10,935,400	6.45	–	–

1. Mr. Simon Eng has 3,625,769 shares under his nominee account with DBS Bank Ltd and 1,832,300 shares registered under his SRS accounts.
2. Mr. Simon Eng is deemed interested in 4,475,700 shares held by his spouse, Ms Hau Chan Yan and is deemed interested in the 5,000,000 shares under Fort Canning (Asia) Pte Ltd ("**FCA**") by virtue of his 100% shareholdings in FCA.
3. Mr. Ng Cheng Huat has 10,935,400 shares under his nominee account with DBS Bank Ltd.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Wang Zhuo
(Executive Director and Chief Executive Officer)

Er Kwong Wah
(Independent Non-Executive Director)

Lucy Yow Su Chin
(Independent Non-Executive Director)

Hwang Kin Soon Ignatius
(Independent Non-Executive Director)

AUDIT COMMITTEE
Er Kwong Wah (Chairman)
Lucy Yow Su Chin
Hwang Kin Soon Ignatius

NOMINATING COMMITTEE
Hwang Kin Soon Ignatius (Chairman)
Er Kwong Wah
Lucy Yow Su Chin

REMUNERATION COMMITTEE
Lucy Yow Su Chin (Chairwoman)
Er Kwong Wah
Hwang Kin Soon Ignatius

COMPANY SECRETARY
(as at 31 December 2023)
Ling Ee Dee

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Email: info@metechinternational.com
Website: www.metechinternational.com
Telephone: 62504518

AUDITORS
Moore Stephens LLP
10 Anson Road #29-15
International Plaza
Singapore 079903

AUDIT PARTNER-IN-CHARGE
Chong Jia Yun, Michelle
(Appointed since financial period ended
31 December 2023)

PRINCIPAL BANKERS
CIMB Bank Berhad
HL Bank

CONTINUING SPONSOR
Novus Corporate Finance Pte. Ltd.
7 Temasek Boulevard,
#04-02 Suntec Tower 1,
Singapore 038987

SHARE REGISTRAR
In.Corp Corporate Services Pte. Ltd.
30 Cecil Street #19-08
Prudential Tower
Singapore 049712

METech

铭泰国际

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