Natural Cool Holdings Limited

Pushing ahead

ANNUAL REPORT 2023

www.natcool.com

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This Annual Report has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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OUR VALUES

OUR NAME, OUR BRAND

We fulfil promises to shareholders, customers and employees

CUSTOMER FOCUS

Customer satisfaction is our ultimate duty and responsibility

PEOPLE DEVELOPMENT

We identify and drive every staff to their fullest potential

TEAMWORK & UNITY

We win and grow through teamwork and unity

CREATIVITY

Our innovation sets us apart from the rest

SAFETY

Above all, we value lives and assets

LETTER TO SHAREHOLDERS

Dear Shareholders,

Despite global inflationary pressures, high interest rates and geopolitical risks, Singapore's economy managed to record a small expansion in 2023.

Revenues at our flagship Aircon and Engineering Division declined by 5% this year compared with financial year ended 31 December 2022. Some of the business units previously adversely affected by the Covid-19 pandemic show signs of recovery, while others moderated their business activities taking into account the macro-economic risks faced by our main market in Singapore. We were also affected by delays in some of the projects the division is involved in. Despite a decline in revenues, the division delivered a lower but still decent level of profits.

Our Paint and Coatings Division performed admirably, registering an almost 20% increase in revenues accompanied by a substantial increase in profitability compared with the year before. The better performance was due to higher sales to the division's retail customers and tighter cost management.

Our Technology Division also performed well, delivering a 34% increase in revenues with a substantial jump in profitability year-on-year. The division continues to engage its traditional markets as well as collaborate with other business units within the Group to look for new opportunities. Working jointly with our core digital team under the Digital Leader's Program, the division is currently developing solutions to address a new market segment.

We made a conscious decision to reduce the number of product lines offered by our Food and Beverages Division and redoubled our efforts to expand our retail and wholesale sales channels in the year. In late 2023, the division saw a breakthrough in its efforts to expand into the NTUC FairPrice chain of supermarkets. Although the division recorded a loss in 2023, we are heartened to note that it is now EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) positive.

Moving forward, we believe that some of the macro-economic risks mentioned earlier will continue to persist for a while longer. Also, we are reading of higher personal bankruptcies and corporate failures in recent months, with some stress being noted in the built environment sector. As such, we will remain cautious in the way we operate our businesses.

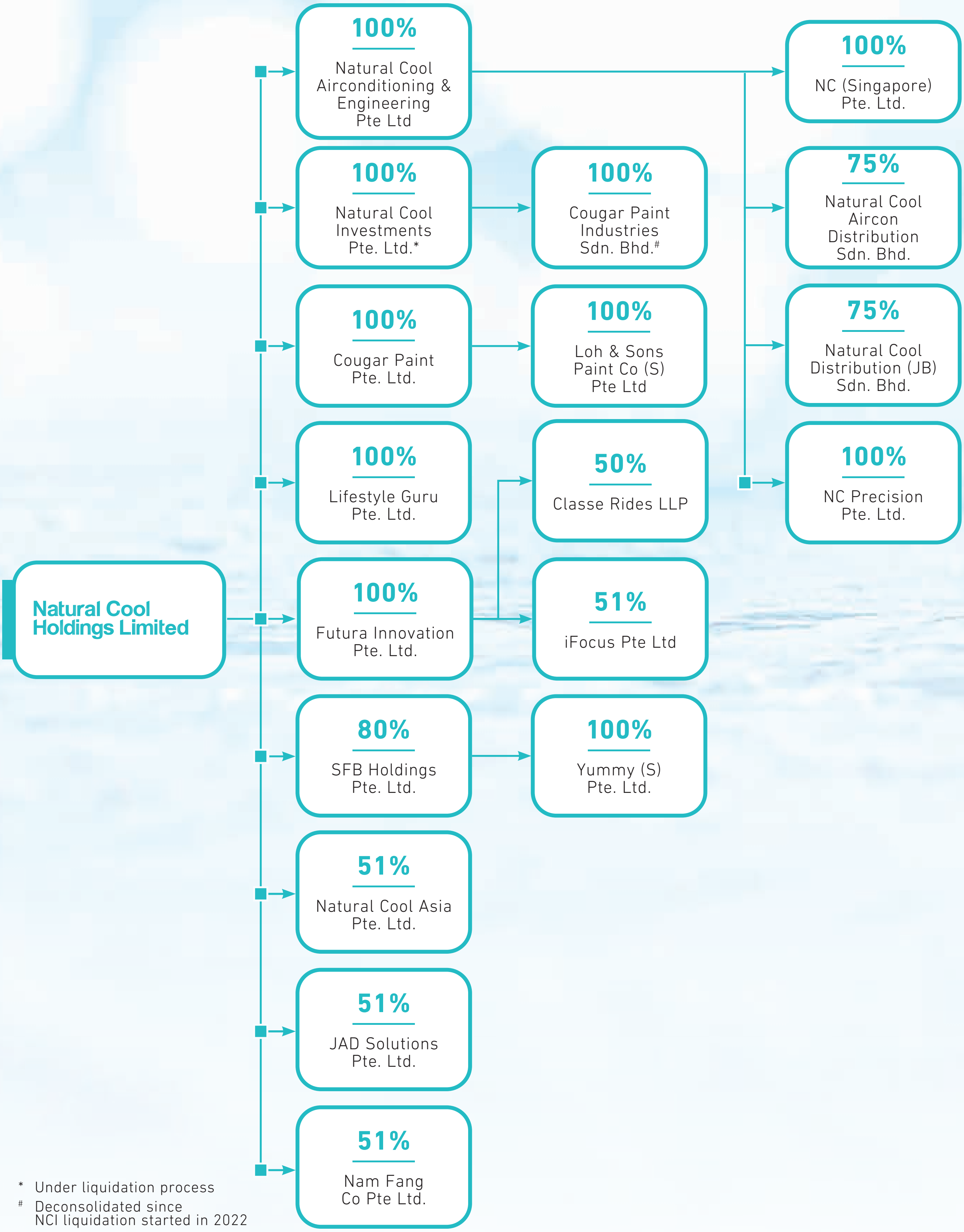
With this outlook in mind, we have decided not to declare dividends for 2023 so as to conserve the cash for future business use. For this, we are grateful for our shareholders' patience and for the continued support of all our other stakeholders. We are mindful of shareholders' desire for returns and will review this again at the end of 2024.

Choy Bing Choong
Executive Chairman

Tsng Joo Peng
Executive Director and Group Chief Executive Officer

CORPORATE STRUCTURE

AS AT 31 MARCH 2024



* Under liquidation process

\# Deconsolidated since NCI liquidation started in 2022

BUSINESS PROFILE

AIRCON AND ENGINEERING DIVISION

Natural Cool's Aircon and Engineering Division is the cornerstone of the Group's business and a recognised leader in the air-conditioning and mechanical ventilation ("**ACMV**") market in Singapore. Apart from the wholesale trading and ACMV project management services, the division also provides mechanical & engineering, fire protection, facilities management and critical environment services.

COMMERCIAL INSTALLATION DEPARTMENT

Natural Cool's Commercial Installation Department provides ACMV system installation services for commercial projects. Our projects may relate to those in the public sector like school campuses and private sector projects such as nursing homes, hotels, shopping malls and residential landed properties.

TRADING DEPARTMENT

Our One-Stop ACMV Equipment and ACMV Installation Materials Distribution Hubs are located at Defu Lane 10 and Bukit Batok Street 23. We add value to our contractor customers enabling them to compete effectively in Singapore by best sourcing ACMV equipment and ACMV installation materials and accessories.

To do this, we represent all types of ACMV brands catering to the entire industrial, commercial and residential segments, such as Mitsubishi Electric, Daikin, Panasonic, LG, Midea, York, Carrier and Toshiba.

We also supply ACMV spare parts and accessories including installation materials such as brackets, refrigerant gas, copper coil, wire, insulation, trunking, drain pipe, and all other types of pipes and ducts, as well as industrial tools and equipment like refrigerant recovery machines, electrical drills, vacuum pumps and drain pumps. Customers such as ACMV contractors find it useful and convenient as these items are housed under one roof and strategically located at our outlets.

This capability helps to cement our Trading Department's reputation as an established ACMV distribution hub within the ACMV industry.

MECHANICAL & ELECTRICAL DEPARTMENT

Over the years, Natural Cool's Mechanical & Electrical Department ("**M&E**") has trained a group of specialised people to provide a full range of solutions to become a one-stop building provider to prepare ourselves for a role in commercial and industrial estates.

M&E Department provides fire protection system design, installation and maintenance, data centre fit-out works, and ACMV system maintenance and repair services to various customers including hotels, schools, corporate buildings, data centres and banks. All these are provided by various teams in the department.

Our chiller maintenance service support team has extensive experience and sound technical knowledge to ensure proper corrective and preventive actions are taken to address any equipment breakdown at client premises. Our teams are equipped with proper diagnostics and repair tools coupled with a comprehensive maintenance checklist outlining thorough equipment conditions upon servicing. We have sufficient vehicles to serve all our commercial and residential clients promptly with high mobility and island-wide coverage.

Our Commercial Service ("**CS**") Team is specially trained to provide facilities management ("**FM**") services such as space planning, asset management and preventive maintenance of ACMV systems for smooth and uninterrupted operation.

We constantly upgrade ourselves to be more efficient and productive. Digitalisation is our current priority so that we can transform ourselves to meet the latest market demand in the digital era. Our Digital Operation Workflow Management System will accommodate the modern asset services scenario. Created for fast customer acquisition, this system enables us to provide an integrated approach to internal and external workflow management that goes beyond just simple tracking which will benefit our clients and streamline our backend operations.

JAD Solutions Pte. Ltd. ("**JAD**") is a leading provider of innovative critical environment solutions and services. JAD specialises in laboratory system design, installation, and construction, catering to a diverse range of industries including pharmaceuticals, biotechnology, healthcare and research institutions.

Over the years, JAD has developed a series of products such as venturi valves, fume hoods and liquid desiccant dehumidification air-conditioning.

BUSINESS PROFILE

JAD has a team of experts who are knowledgeable, experienced and equipped with the latest technology and industry best practice know-how. We believe in continuous innovation and improvement, constantly pushing boundaries to stay ahead of emerging trends and evolving client requirements.

Furthermore, we also provide plumbing and sanitary works through our subsidiary – Nam Fang Co Pte Ltd. ("**Nam Fang**"). Nam Fang is a specialist in plumbing, sanitary, gas and sewerage system design installation and maintenance in both residential and commercial projects.

PAINT AND COATINGS DIVISION

Natural Cool's Paint and Coatings Division boasts a rich history spanning over 20 years in the paint business, with a strong focus on supporting the construction and marine industries. Our flagship brand, "Cougar", has been synonymous with quality, reliability and cost effectiveness in the market.

REGIONAL BUSINESS DIVISION

Natural Cool Asia Pte. Ltd. ("**NCA**") was formed to spearhead and expand the Group's interests into the regional markets for heating, ventilation and air-conditioning related products and services.

FOOD AND BEVERAGES DIVISION

SFB Holdings Pte. Ltd. ("**SFB**") and Yummy (S) Pte. Ltd. ("**Yummy**") are our food and beverages ("**F&B**") subsidiaries. Our F&B Division's business activities are those related to manufacture, distribution and retail of cooked snack foods such as dim sum products, cakes, and traditional Chinese dumplings, and as a restaurant and stall operator.

In 2023, our F&B Division extended its collaboration with the nation's largest supermarket chain to have our products selling in their stores across the country, reaching a much larger customer base. In addition, the division is building up its franchise network through our "Dao Xiang" brand. Through franchising, we can quickly grow our business across the local market.

TECHNOLOGY DIVISION

iFocus is an ISO9001 certified company. It has developed various digital communication solutions for railway systems in various countries since 2002. iFocus is also familiar with lift monitoring and video surveillance solutions which are widely used in many public housing buildings in Singapore. In recent years, iFocus expanded its business into asset location tracking and Internet of Things application services.

On 5 December 2023, we established a 50% joint venture, Classe Rides LLP with a total capital of S$20,000. Classe Rides LLP will be involved in the provision of online services.

OPERATIONS REVIEW

COMMERCIAL INSTALLATION DEPARTMENT

2023 was a challenging year for Commercial Installation Department's market in Singapore. Due to this, our Commercial Installation Department decided to accept smaller sized projects with faster turnaround to mitigate unforeseen market risks. Despite this difficult situation, our Commercial Installation Department still managed to secure new projects, some of them as mentioned below:

BELGRAVIA ACE

Worth about S$3.1 million, this project involved 107 units of strata landed houses with common basement carpark, swimming pool and communal facilities at Belgravia Drive, where we installed the ACMV system.

A total of 1,033 fan coil units, 442 condensing units and 423 mechanical ventilation units will be installed for this project.

This project is planned to be completed in February 2025.

SKY EDEN CONDO

Worth about S$2.8 million, this project involved 17-storey apartment with common basement carpark and communal facilities at 799 New Upper Changi Road, where we installed the ACMV system.

A total of 781 fan coil units, 349 condensing units and 304 mechanical ventilation units will be installed for this project.

This project is planned to be completed in September 2025.

OPERATIONS REVIEW

TRADING DEPARTMENT

We entered 2023 with the slow recovery from the Covid-19 pandemic but faced sustained high interest rates and business cost environment.

With this situation, consumer confidence in Singapore remained weak and many stayed conservative on expenditure which impacted the ACMV Industry. ACMV wholesalers and contractors in Singapore continued to face very stiff competition.

We therefore had to work even harder with major aircon brands and aircon installation materials suppliers, to negotiate for a stable supply and to improve sales through creative promotions and marketing initiatives. The implementation of the "CoolHub" mobile app in last quarter of 2023 saw an improvement in our customers' ordering experience, and work efficiency in our store and logistics delivery activities.

MECHANICAL & ELECTRICAL DEPARTMENT

Our M&E Department continues to build and position itself to compete with its peers. Our CS Team has developed a full spectrum of skill sets and is ready to respond to a more sophisticated market. Our Fire Protection Team had since made some major advancements and is base main contractor for a large telecommunications company to support their data centre projects.

In the data centre arena, we continue to advance steadily in 2023 for data centre fit-out and fire protection maintenance. This has further enhanced the development of our M&E Department for the next few years.

JAD managed to secure an Indonesian order for a fume hood in 2022 which was delivered in 2023. In 2023, JAD appointed a distributor for Indonesia. Despite the increase in material and labour costs, JAD still managed to stay profitable. Our main focus in 2024 is to continue and increase product sales locally and to other overseas market, increase our maintenance contracts especially in the niche laboratory fume hood and bio-safety cabinets maintenance while maintaining A&A works.

PAINT AND COATINGS DIVISION

In 2023, our Paint and Coatings Division experienced a year of consolidation marked by commendable achievements despite ongoing challenges like escalating raw material prices and labour shortages post-pandemic. Through a multifaceted approach, including tailored colour customisation solutions, a service-oriented mindset, and productivity enhancements, we achieved record-breaking top and bottom-line growth.

We continue to manufacture a comprehensive range of cost-effective products to meet the diverse needs of our customers. From alkyd enamel coatings to epoxy coatings, polyurethane coatings, and solvents, our offerings are crafted with precision and expertise to ensure consistent performance and durability. With our extensive experience and dedication to excellence, we continue to be a trusted partner for businesses in the built environment, construction and marine sectors, providing them with value creation solutions that deliver outstanding results.

Aligned with Singapore's Green Plan 2030 and the national target of achieving net-zero emissions by 2050, our team has been actively introducing and implementing green solutions to contribute to sustainability efforts. By partnering with SolCold and engaging with key stakeholders, we aim to contribute to the continual development of more energy-efficient and environmentally friendly solutions for cooling applications across the different sectors. To date, the team has secured pilot projects in the built environment, transportation and renewable energy sectors.

The progress of Paint and Coatings Division has always been attributed to the support of our customers, employees and we remain committed to the sustainable growth for both our business and our people.

Commercial maintenance servicing in progress

OPERATIONS REVIEW

REGIONAL BUSINESS DIVISION

NCA dealing in the regional market had secured orders to supply and deliver Panasonic VRF systems for the 11 storey "LVL" Building and "Tan Tower" building in Cambodia.

NCA also secured an order for the supply and delivery of "Natcool" air handling units to Brunei Telecom in Brunei.

FOOD AND BEVERAGES DIVISION

Our F&B Division registered a 3% increase in revenues to S$5.2 million this year.

In August 2023, we ceased the operations of our Huat Kueh brand, Hong Huat. The revenue expected from the Huat Kueh business had not met expectations and continued to make losses over the period. Following on our initial success in 2023, we intend to focus our resources in extending our collaboration with NTUC FairPrice chain of supermarket to sell cooked snack foods. The division now has its products sold in about 40 NTUC FairPrice outlets in Singapore. Moving forward, the F&B Division will continue to growth its retail and wholesale sales channels.

Meanwhile, we continued to expand our presence in existing locations by introducing a new "Dao Xiang" brand franchise programme.

TECHNOLOGY DIVISION

iFocus continues to performed well in 2023 and achieved a substantial improvement over its revenues and profitability compared to 2022. iFocus continues to deliver on a public sector project that involves the installation and maintenance of approximately 3,500 units of lift monitoring and surveillance devices in Singapore. Other than aforesaid, iFocus also completed a train-borne communications project in Macau in 2023.

Cooked snack foods

Yong Tau Foo

FINANCIAL REVIEW

REVIEW OF INCOME STATEMENT

During the financial year ended 31 December 2022 ("**FY2022**"), Natural Cool Investment Pte. Ltd. ("**NCI**") filed for creditors' voluntary winding up and has been deconsolidated from the Group with effect from 2 September 2022. We have excluded NCI's financial performance from the statement of profit or loss for the 12-months ended 31 December 2022 below for a comparable analysis with the financial performance for the full year ended 31 December 2023 ("**FY2023**").

	Group 12 months ended 31 December 2023	Group 12 months ended 31 December 2022
	$'000	**$'000**
Revenue	144,162	148,374
Cost of sales	(116,702)	(122,409)
Gross profit	**27,460**	**25,965**
Other income	1,294	1,909
Distribution expenses	(2,965)	(2,724)
Administrative expenses	(23,482)	(23,259)
Impairment loss on trade receivables and contract assets, including bad debts written-off	(110)	(111)
Other expenses	(275)	(1,383)
Results from operating activities	**1,922**	**397**
Finance costs	(1,226)	(903)
Profit/(loss) before tax	696	(506)
Tax expense	(293)	(280)
Profit/(loss) for the year	**403**	**(786)**

The Group generated revenue of S$144.2 million for the FY2023, a decrease of S$4.2 million, or 2.8% compared to S$148.4 million in FY2022 due to the following:

- Our Aircon and Engineering Division reported a decrease in revenue of S$6.5 million. The main contributor was from the Commercial Installation ("**CI**") business which saw a decline of S$8.9 million. As the built environment sector remained challenging due to the inflationary pressures, CI selective in accepting smaller sized projects with faster turnaround to mitigate unforeseen market risks. This was offset by an improvement in revenue from Mechanical & Electrical Department of S$2.0 million resulting from more replacement and maintenance works in FY2023. Lastly, our regional sales also increased by S$0.6 million as geopolitical challenges in the region recedes;

- Our Technology Division recorded an increase in revenue of S$1.1 million or 33.8% compared to FY2022, mainly due to higher volume of lift monitoring and surveillance devices installed in Singapore and the completion of a train-borne communications project in Macau;

- Our Paint and Coatings Division recorded an increase in revenue of S$0.8 million or 19.6% due to sales growth to end users and its retail stores channel; and

- Our Food and Beverages ("**F&B**") Division's revenue improved slightly as compared to FY2022. During FY2023, F&B Division underwent a restructuring exercise to reduce its underperforming product lines. Meanwhile, we introduced a new brand of cooked food snacks into about 40 NTUC FairPrice outlets in Singapore. The new changes have also successfully improved the utilisation rate of our central kitchen.

Gross profit margins ("**GPM**") increased by 1.5 percentage point from 17.5% in FY2022 to 19.0% in FY2023. The increase in GPM from our Aircon and Engineering Division was mainly due to increasingly relying more on our own labour instead of subcontractors in FY2023. Our Paint and Coatings Division improved its GPM as a result of introducing cost management measures. Lastly, our Technology Division also contributed a higher GPM, largely from the higher margin train-borne communications project it completed.

Other income decreased by S$0.6 million or 32.2% mainly caused by the decrease in gains from disposal of property, plant and equipment of S$0.3 million and government grants received of S$0.2 million.

The increase of distribution expenses by S$0.2 million or 8.8% was due to more marketing expenditures in Aircon and Engineering and F&B Divisions.

Other expenses decreased by S$1.1 million mainly due to no impairment loss on property, plant and equipment for F&B Division in FY2023 (FY2022: S$0.9 million).

Finance costs increased by S$0.3 million or 35.8% mainly due to the increase in bank borrowing rates.

The slight increase in income tax expense despite a lower profit before tax mainly due to lower non-taxable income in FY2023.

Resulting from the above, the Group reported a profit after tax of S$0.4 million in FY2023 compared to an adjusted loss after tax of S$0.8 million in FY2022.

FINANCIAL REVIEW

REVIEW OF STATEMENT OF FINANCIAL POSITION

Property, plant and equipment decreased by S$2.3 million in FY2023 mainly due to the depreciation incurred for the year amounted to S$4.0 million. This was offset by the acquisition of the property, plant and equipment of S$0.5 million and new lease contracts for operation use of S$1.3 million.

Intangible assets and goodwill decreased by S$0.6 million mainly due to amortisation of intangible assets (namely, order backlogs, computer software and others).

Inventories decreased by S$0.5 million as we made an effort reduce the stocks on hand for better cash flow management.

Contract assets decreased by S$1.4 million due to lower level of contract activities in FY2023.

Other investments decreased by S$0.3 million mainly due to withdrawals from money market funds of S$0.2 million.

Loans and borrowings (current and non-current) decreased by S$4.4 million mainly as a result of the repayments of loans, lease liabilities and bills payable of S$3.9 million, S$1.7 million and S$1.2 million respectively. On the other hand, we have further drawn down S$1.1 million of loans for working capital purposes. We have also recognised lease liabilities relating to the extension of lease contracts in F&B Division of S$1.3 million.

Trade and other payables decreased by S$1.6 million in FY2023 mainly due to lower purchases toward the end of FY2023. There is also a decrease in the accrued expenses, mainly from lower subcontractor costs accruals in Aircon and Engineering Division. These were offset by the increase in GST payable of S$0.3 million.

REVIEW OF STATEMENT OF CASH FLOW

In FY2023, we recorded a net operating cash inflow of approximately S$7.0 million.

We recorded net cash used in financing activities of S$7.0 million in FY2023 mainly due to the payments of lease liabilities, interest expenses, bills payable and loan repayments amounted to S$8.1 million. This has been offset by the drawn down of new loan of S$1.1 million.

As a result, our cash and cash equivalents largely remained unchanged at S$8.1 million in FY2023.

BOARD OF DIRECTORS

MR CHOY BING CHOONG
EXECUTIVE DIRECTOR AND CHAIRMAN OF THE BOARD

Mr Choy Bing Choong ("**Mr Choy**") joined the Company as Chief Investment Officer in July 2014 and assumed the position of Group Chief Operating Officer in March 2020 while joining the Board at the same time (Date of last re-appointment as Director: 28 April 2022). He was redesignated as Executive Chairman on 11 August 2023. He is responsible for formulating the Group's business strategies and plans, overseeing investor relations, regulatory and compliance functions and leading new business initiatives.

Mr Choy has more than 30 years of work experience in a variety of roles in multiple industries and countries. Prior to joining our Company, he spent 8 years with the Corporate Finance Department at CIMB Bank Berhad, Singapore Branch, where he last held the position of Director, Corporate Finance. Before his stint at CIMB Bank Berhad, Singapore Branch, Mr Choy served 3 years in the Corporate and Capital Markets Group at Rajah & Tann. Apart from his home base in Singapore, he has also worked in China, the United Kingdom and Indonesia.

He is a Fellow Chartered Accountant of Singapore and holds a Bachelor's of Accountancy Degree from the National University of Singapore. He is also a Senior Accredited Director accredited with the Singapore Institute of Directors. In addition, Mr Choy also holds a Post Graduate Diploma in Strategic Human Capital Management (Organisational Development and Psychology) from the SHRI Academy.

Other principal commitments	Present directorships in listed companies (Other than the Company)
Futura Innovation Pte. Ltd.	Hiap Tong Corporation Ltd.

MR TSNG JOO PENG
EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

Mr Tsng Joo Peng ("**Mr Tsng**") was appointed to our Board on 1 August 2005 (Date of last re-appointment as Director: 27 April 2023) and he was appointed as our Group Chief Executive Officer ("**CEO**") on 31 October 2013. As Group CEO, he is primarily responsible for leading the Group's business and corporate services units and executing its strategies. Mr Tsng has been a Director of Natural Cool Airconditioning & Engineering Pte Ltd, a subsidiary of the Company since 1993. Prior to joining our Group, Mr Tsng was a Director and Shareholder of Aircon Designs Pte. Ltd., Aircon Designs Services Pte. Ltd., QPA Pte. Ltd., Quality Perfect Assurance Pte. Ltd. and NC Airconditioning Pte. Ltd..

Other principal commitments	Present directorships in listed companies (Other than the Company)
Director of Natural Cool's Group of companies	None

MR TRAN PHUOC (LUCAS)
LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Tran Phuoc (Lucas) ("**Mr Tran**") was appointed as an Independent Non-Executive Director of the Company on 11 November 2022 (Date of last re-appointment as Director: 27 April 2023) and he was redesignated as Lead Independent Non-Executive Director and the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committees on 11 August 2023.

Mr Tran is a qualified Chartered Accountant with over thirty-five years of public accounting experience. He was a partner with KPMG Singapore from 2000 to 2020.

He has extensive experience in public accounting which includes auditing, advising on financial reporting matters as well as regulatory compliance matters relating to the Companies Act and SGX-ST listing rules, initial public offerings, restructuring exercises, due diligence and merger and acquisitions.

Mr Tran is a Chartered Accountant of Singapore and holds a Bachelor of Commerce degree from the University of New South Wales, Australia. He is a member of the Singapore Institute of Directors.

Other principal commitments	Present directorships in listed companies (Other than the Company)
WLT Assurance LLP	Singapura Finance Ltd Kim Heng Ltd.

BOARD OF DIRECTORS

MS LAU LEE HUA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Lau Lee Hua ("**Ms Lau**") was appointed as an Independent Non-Executive Director of the Company on 8 February 2017 (Date of last re-appointment as Director: 27 April 2023) and she was redesignated as the Chairman of the Remuneration Committee and a member of the Audit and Risk and Nominating Committees on 11 August 2023.

Ms Lau is the Managing Partner of Lau Lee Hua & Co., a public accounting firm she founded in 1995. She was a partner at Wong, Lee & Associates LLP, another public accounting firm from 2018 to 2021. She is a practising member of Institute of Singapore Chartered Accountants having been admitted in 1995 and upgraded to a Fellow of the Association of Chartered Certified Accountants in 1997. She is a Public Accountant of Singapore registered with the Accounting and Corporate Regulatory Authority. She was appointed as Honorary Treasurer of the Movement for the Intellectually Disabled of Singapore ("**MINDS**"), a voluntary welfare organisation, on 28 September 2013 and on 30 September 2017, she was appointed as Honorary Auditor. Ms Lau was awarded the "Long Service Award" by the People's Association in 2001 and the "MINDS Meritorious Service Award" by Movement for the Intellectually Disabled of Singapore in 2009 and the "Dedicated Service Award" when she retired from MINDS board in 2019. In 2017, National Council of Social Services awarded Ms Lau with its 15 years "Long Service Award" for her invaluable service to MINDS.

Other principal commitments	Present directorships in listed companies (Other than the Company)
Lau Lee Hua & Co.	None

MR TAN SIEW BIN RONNIE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Tan Siew Bin Ronnie ("**Mr Tan**") was appointed as an Independent Non-Executive Director of the Company on 28 July 2021 (Date of last re-appointment as Director: 28 April 2022). He is the Chairman of our Nominating Committee and a member of the Company's Audit and Risk and Remuneration Committees.

Mr Tan is one of the founding Directors of Central Chambers Law Corporation in Singapore with more than 30 years of post-qualification experience. He is a Notary Public, Commissioner for Oaths and heads of the Civil and Criminal practice. Mr Tan began his legal practice as a litigator and moved into areas of corporate and commercial advice. Mr Tan holds a Bachelor of Laws from University of London and admitted to the English and Singapore Bar in 1989 and 1991 respectively.

Other principal commitments	Present directorships in listed companies (Other than the Company)
Central Chambers Law Corporation Chambers Resources Pte Ltd	None

MANAGEMENT TEAM

MR JEFFREY KAN KAI HI
GROUP CHIEF FINANCIAL OFFICER

Mr Jeffrey Kan Kai Hi ("**Mr Kan**") joined the Group in December 2022 and is responsible for reporting, banking, legal, compliance matters, budgeting and overseeing the full spectrum of financial activities of the Group.

Mr Kan has more than 25 years of relevant experience. Prior to joining the Group, Mr Kan was the Chief Financial Officer at Zhongmin Baihui Retail Group Ltd, a company listed on the Mainboard of the SGX-ST, from 2010 to 2022. In addition, Mr Kan had also held senior financial roles in various private and listed companies across several industries, including water purification and treatment, cultivation and manufacturing of plant fiber, food and beverages, textile and apparel. He started his career in public accounting with several audit firms from 1998.

Mr Kan holds a Bachelor of Commerce (Accounting) degree from Curtin University of Technology, Australia and is a fellow member of CPA Australia.

MR NEO HAN CHENG
DIRECTOR AND CHIEF OPERATING OFFICER, NATURAL COOL AIRCONDITIONING & ENGINEERING PTE LTD

Mr Neo Han Cheng ("**Mr Neo**") was appointed to his current position on 19 July 2007 and is primarily responsible for the overall management, business planning and daily operations of Natural Cool Airconditioning & Engineering's Commercial Installation Department.

Mr Neo joined our Group in 1997 and was promoted to an Assistant General Manager in 2005 where he was responsible for the implementation and evaluation of marketing strategies for Natural Cool Airconditioning & Engineering. Prior to his appointment as Assistant General Manager, Mr Neo was a Project Manager of Natural Cool Airconditioning & Engineering for seven years. From 1994 to 1997, he worked as a Technical Officer in the Port of Singapore Authority, where he was responsible for the supervision of the maintenance and servicing of mechanical and electrical building services. Mr Neo graduated with a Diploma in Manufacture Engineering from Singapore Polytechnic in 1990.

MR LEE WAN KAH
DIRECTOR, NATURAL COOL AIRCONDITIONING & ENGINEERING PTE LTD

Mr Lee Wan Kah ("**Mr Lee**") joined the Group in 15 April 2006 as a Manager in one of the Group's former subsidiaries. In early 2009, he was transferred to Natural Cool Investments Pte. Ltd. to be Personal Assistant to Director (Special Project) and left the Group at the end of 2009 to pursue his own interests.

Mr Lee returned to the Group in 2012 as a Director of our Trading Department and was appointed as a Director of Natural Cool Airconditioning & Engineering on 15 February 2017. He is primarily responsible for the performance of our Trading Department at both our Defu Lane and Bukit Batok outlets, including overall management, business planning and daily operations. Mr Lee's business experience and astuteness lead Trading Department's sales to improve year-on-year since 2012, increasing our industry market share in Singapore. He spearheaded the expansion of Natural Cool's brand name into Malaysia, and set up outlet in Johor Bahru in 2015. He is also responsible for the implementation of business and evaluation of marketing strategies to capture local market share and improve sales in Malaysia.

MANAGEMENT TEAM

MR SURADI BIN ABDUL SAMAT

GENERAL MANAGER, NATURAL COOL AIRCONDITIONING & ENGINEERING PTE LTD, COMMERICAL SERVICE DEPARTMENT

Mr Suradi Bin Abdul Samat ("**Mr Suradi**") joined the Group in December 2002 as Senior Technician to the Commercial Service Department. He left the Group in May 2004 to pursue his own interests but remained in the air-conditioning industry. He returned to the Group in July 2012 as Service Manager and was promoted to the current position of General Manager in July 2019. He is primarily responsible for the overall management, business planning and development of the Commercial Service Department.

Mr Suradi has more than 30 years of work experience in the air-conditioning industry. Prior to joining the Group, he spent 8 years as Service Manager in another air-conditioning company where he was responsible to increase its customer base, expand its business and improve service level.

MR TERENCE LUM WENG KEONG

DIRECTOR, FUTURA INNOVATION PTE. LTD., IFOCUS PTE LTD, COUGAR PAINT PTE. LTD., AND LOH & SONS PAINT CO (S) PTE LTD

Mr Terence Lum Weng Keong ("**Mr Lum**") joined the Group in August 2017 and assumed the role of Director of the Paint and Coatings Division in April 2018 where he was responsible for the overall management, business planning and development. In January 2022, he was also appointed as Director of Futura Innovation Pte. Ltd. and iFocus Pte Ltd, the Technology Division, to spearhead the Group's transformation efforts towards new business growth in the sector of innovation and sustainability solutions.

Mr Lum has more than 18 years of work experiences in multiple roles which ranged from corporate strategy, project management and engineering. Prior to joining the Group, he spent 13 years with the project management department at Keppel FELS, a subsidiary of Keppel Corporation's offshore and marine arm where he successfully secured and managed the execution of multiple multi-million dollar valued turnkey project assets that were awarded.

He holds a Bachelor of Engineering (Upper Class Honours) from the National University of Singapore. He is a member of the Institution of Engineers, Singapore.

MR LEONG YEW MENG

DIRECTOR, SFB HOLDINGS PTE. LTD. AND YUMMY (S) PTE. LTD.

Mr Leong Yew Meng ("**Mr Leong**") joined the Group in 18 February 2019 to head the new Food and Beverages Division where he was responsible for the overall management, business planning, development, expansion and daily operations.

Mr Leong is a seasoned entrepreneur with more than 20 years of experiences in the food and beverages industry. Prior to joining the Group, he was the founder of an established local restaurant serving fine cuisine specially curated from all parts of China. Mr Leong has also successfully established a local brand, Just Nanyang, selling traditional local favourites.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Choy Bing Choong
Executive Chairman

Mr Tsng Joo Peng
Executive Director and Group Chief Executive Officer

Mr Tran Phuoc (Lucas)
Lead Independent Non-Executive Director

Ms Lau Lee Hua
Independent Non-Executive Director

Mr Tan Siew Bin Ronnie
Independent Non-Executive Director

AUDIT AND RISK COMMITTEE
Mr Tran Phuoc (Lucas)
Chairman

Ms Lau Lee Hua
Member

Mr Tan Siew Bin Ronnie
Member

NOMINATING COMMITTEE
Mr Tan Siew Bin Ronnie
Chairman

Ms Lau Lee Hua
Member

Mr Tran Phuoc (Lucas)
Member

REMUNERATION COMMITTEE
Ms Lau Lee Hua
Chairman

Mr Tran Phuoc (Lucas)
Member

Mr Tan Siew Bin Ronnie
Member

COMPANY SECRETARIES
Ms Yeoh Kar Choo Sharon
Ms Teng Gek Chui

AUDITOR
KPMG LLP
12 Marina View #15-01
Asia Square Tower 2
Singapore 018961

Partner-in-charge
Ms Ong Chai Yan
(With effect from financial year 2022)

CATALIST CONTINUING SPONSOR
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#10-00 Collyer Quay Centre
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Singapore 539219
Tel: (65) 6454 5775
Fax: (65) 6454 6776
Website: https://natcool.com

SHARE REGISTRAR
B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

PRINCIPAL BANKERS
United Overseas Bank

INVESTOR RELATIONS
Email: corporateaffairs@natcool.com

SUSTAINABILITY REPORT

BOARD STATEMENT

Natural Cool Holdings Limited ("**Natural Cool Holdings**" or the "**Company**"), together with its subsidiaries (the "**Group**"), is pleased to present its Sustainability Report ("**Report**") for the financial year ended 31 December 2023 ("**FY2023**" or "**Reporting Period**").

The Board of Directors ("**Board**") oversees the management and monitoring of the Group's key sustainability factors under the sustainability pillars of economic, environmental, social and governance (collectively as "**Sustainability Factors**") and takes them into consideration in determining the Group's strategic direction and policies. The Board reviews the key Sustainability Factors at least annually and ensures that they are relevant and current for the business.

As part of our continuous effort to improve our sustainability reports in our sustainability journey, three (3) new key Sustainability Factors were added in this Report, in order to be more balanced and complete. The new key Sustainability Factors comprise Total Customer Satisfaction, Sustainable Business Performance and Water Conservation.

To strengthen our sustainability governance structure, we formalised the setup of our executive level Sustainability Reporting Committee ("**SR Committee**") in FY2023, for managing and monitoring our key Sustainability Factors, including working with the various business units to ensure these are integrated into our day-to-day operations. The SR Committee is headed by the Group Chief Executive Officer ("**CEO**") and comprises members of the senior management. In addition, we established terms of reference for component parties involved in the sustainability reporting process, for clarity and accountability purposes.

Global warming and extreme weather events have increased global awareness of the risks posed by climate change and accelerated the call for global urgent action to embark on a decarbonisation journey. To step up our efforts on this front, we developed and disclosed our inaugural climate change transition plan to steer us on our decarbonisation journey. We also conducted a qualitative scenario analysis to assess the impacts of key climate-related risks identified during the Group's climate-related risk assessment.

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

Our sustainability framework is developed by our SR Committee and approved by the Board. It also communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("**SDGs**").

SUSTAINABILITY REPORT

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Sustainability pillar	Performance indicator	2023	2022
Economic	Market standards adopted	Relevant market standards[1] have been adopted in our operations	Relevant market standards[1] have been adopted in our operations
	Economic value generated[2] (S$ million)	**144.4**	150.0
	Operating costs[3] (S$ million)	**111.7**	118.6
	Employee wages and benefits (S$ million)	**26.9**	25.3
	Payments to providers of capital[4] (S$ million)	**1.2**	1.4
	Income taxes paid (S$ million)	**0.4**	0.2
Environment	Scope 1[5] & 2[6] Greenhouse Gas emissions intensity (tCO_2e/S$ million revenue)	**49**	35
Social	Number of incidents of unlawful discrimination against employees	**–**	–
	Average training hours per employee	**4.0**	4.6
	Number of workplace fatalities	**–**	–
	Number of high-consequence work-related injuries[7]	**–**	–
Governance	Number of incidents of corruption[8]	**–**	–
	Number of incidents of non-compliance with laws and regulations for which significant fines[9] and/or non-monetary sanctions were incurred	**–**	–
	Singapore Governance and Transparency Index ("**SGTI**")	**89**	82

1 The market standards adopted or certifications attained by selected divisions of the Group to maintain customer experience include ISO 9001: 2015, SFA license and Halal certification.
2 Economic value generated comprises revenue and other income, net of government grants, gain on termination of lease and gain on disposal of property, plant and equipment and impairment loss on trade receivables and contract assets, including bad debts written-off.
3 Operating costs comprise cost of sales, distribution expenses, administrative expenses, other expenses, net of change in fair value of investment in fair value through profit or loss, impairment losses, loss on foreign exchange rates, property, plant and equipment written off, depreciation and amortisation, loss on deconsolidation and employee-related costs.
4 Payments to providers of capital include payments made to providers of loans and dividends paid to shareholders (if any).
5 Scope 1 GHG emissions refer to direct GHG emissions, mainly from the consumption of petrol, diesel and liquefied petroleum gas ("**LPG**").
6 Scope 2 GHG emissions refer to indirect GHG emissions from consumption of purchased electricity.
7 A high-consequence work-related injury refer to an injury from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.
8 A corruption incident is defined as one that involves fraud or dishonesty and is being or has been committed against a company by officers or employees of a company. The corruption incident is one that is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than S$100,000.
9 Significant fines refer to a fine of S$2,000 or more.

SUSTAINABILITY REPORT

REPORTING FRAMEWORK

This Report is prepared in accordance with Rules 711A and Rule 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. This Report is also prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards as it provides an extensive framework that is widely accepted as a global standard for sustainability reporting. The GRI content index can be found in pages 49 to 52.

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

Our climate-related disclosures are produced based on the 11 recommendations of Task Force on Climate-related Financial Disclosures ("**TCFD**").

We relied on internal data monitoring and verification to ensure accuracy for this Sustainability Report. Internal review on the sustainability reporting process is incorporated as part of our internal audit review cycle and we will work towards external assurance for our future sustainability reports.

FEEDBACK

We welcome your views and feedback on our sustainability practices and reporting at report.sr@natcool.com.

ABOUT THE REPORT

This Report covers the sustainability performance of our businesses in the following divisions – Aircon and Engineering Division, Paint and Coatings Division, Food and Beverages ("**F&B**") Division, and Technology Division. These divisions contributed 100% of the Group's revenue for FY2023 (FY2022: 100%[10]), and are operated by our following subsidiaries:

Division	Entity
Aircon and Engineering	• Natural Cool Airconditioning & Engineering Pte Ltd ("**NCAE**") • Natural Cool Asia Pte. Ltd. • NC (Singapore) Pte. Ltd. • Natural Cool Distribution (JB) Sdn. Bhd. • NC Precision Pte. Ltd. • Nam Fang Co Pte Ltd. • JAD Solutions Pte. Ltd. • Lifestyle Guru Pte. Ltd.
Paint and Coatings	Loh & Sons Paint Co (S) Pte Ltd ("**Loh & Sons Paint**")
F&B	• SFB Holdings Pte. Ltd. ("**SFB**") • Yummy (S) Pte. Ltd. ("**Yummy**")
Technology	iFocus Pte Ltd ("**iFocus**")

Unless otherwise stated, the performance data in this Report covers the period of 1 January to 31 December 2023 for the above entities. A sustainability report is published annually in accordance with our SR Policy.

[10] Data excluded that of Natural Cool Investments Pte. Ltd. and Cougar Paint Industries Sdn. Bhd. to facilitate comparison between FY2022 and FY2023 as the two entities were deconsolidated on 2 September 2022.

SUSTAINABILITY REPORT

OUR CORE BUSINESS

Details of our core businesses are as follows:

Aircon and Engineering Division

The Aircon and Engineering Division is the cornerstone of our business and a recognised leader in Singapore's air-conditioning and mechanical ventilation ("**ACMV**") market.

Business Partners

We procure from:

- Suppliers of various air-conditioner equipment brands; and
- Suppliers of spare parts and accessories, such as air-conditioner installation materials, plumbing parts, as well as industrial tools and equipment; and
- Suppliers of critical environment, mechanical and electrical, and fire protection equipment, parts and accessories.

Operations

Installation

We are involved in:

- Providing ACMV, mechanical and electrical, and fire protection system installation services for commercial customers; and
- Designing and install high containment facilities and laboratory ACMV.

Trading

We source and distribute ACMV equipment, spare parts and accessories.

Maintenance and Servicing

We provide maintenance services such as inspection, replacement and cleaning of air-conditioning and ventilation systems.

Plumbing and Sanitary

We provide plumbing and sanitary services.

Customers

Installation

Our commercial projects serve customers in the following sectors:

- Public sector customers such as healthcare, bio-tech, bio-medical and petrochemical research facilities; and
- Private sector customers such as factories, offices, shopping malls, condominiums and residential landed properties.

Trading

We sell to ACMV contractors and wholesalers.

Maintenance and Servicing

We provide services to the:

- Residential market; and
- Commercial market such as hotels, schools, corporate buildings, data centres and banks.

Plumbing and Sanitary

We serve builders or contractors specialising in commercial buildings.

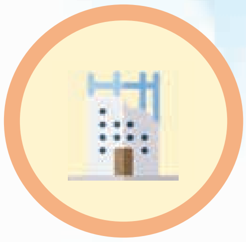
Paint and Coatings Division

Business Partners

We purchase from suppliers of pigments and chemicals.

Operations

We distribute paints and chemicals.



Customers

We sell to customers on a wholesale basis, and also supply directly to projects.

F&B Division

Business Partners

We procure from the suppliers of food ingredients.

Operations

We are involved in:

- Manufacturing and distributing cooked snack food products; and
- Operating restaurant, food stall and F&B retail outlets.

Customers

We sell to:

- Supermarkets and other food business on a wholesale basis; and
- Customers of our restaurant, food stall and retail outlets.

Technology Division

Business Partners

We procure from the suppliers of electronic and hardware components

Operations

We install building automated systems for remote monitoring. We also install communications systems on trains.

Customers

We serve the government, statutory boards and multinational corporations.

SUSTAINABILITY REPORT

VISION, MISSION, CORE VALUES

Vision

Natural Cool, the preferred choice in building solutions.

Mission

Enhancing the strength and trust in our brand name through safe, superior, reliable products and services and strategic planning.

Core Values

Our sustainability journey is driven by the following core values as they shape our business culture and strategies:

Core value	Description
Our name, our brand	We fulfill promises to shareholders, customers and employees.
Customer focus	Customer satisfaction is our ultimate duty and responsibility.
People development	We identify and drive every staff to their fullest potential.
Teamwork & Unity	We win and grow through teamwork and unity.
Creativity	Our innovation sets us apart from the rest.
Safety	Above all, we value lives and assets.

SUSTAINABILITY GOVERNANCE

The Board is ultimately responsible for the oversight of the Group's sustainability matters and is primarily supported by an executive level SR Committee by virtue of delegation. As part of our continual efforts to enhance and upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of SGX-ST under Catalist Rule 720(6), we confirm that all of our directors have attended at least one of the approved sustainability training courses.

Our SR Committee is headed by the Group CEO, and comprises the following members (collectively as "**Senior Management Team**"):

- Chief Financial Officer;
- Director, NCAE;
- Director and Chief Operating Officer, NCAE;
- Director, SFB and Yummy;
- Director, Loh & Sons Paint, Futura Innovation Pte. Ltd. and iFocus;
- Director, iFocus; and
- Human Resources Manager.

The SR Committee is responsible for the management and monitoring of our key Sustainability Factors, including working with the various business units to ensure these are integrated into our day-to-day operations. Our sustainability performance is monitored against established targets, to be evaluated periodically to tighten our engagement with stakeholders to understand their expectations and concerns. Shortfalls are investigated and efforts are made to achieve the targets. A description of our performance is provided throughout this Report in the relevant sections.

Besides the SR Committee, the Board is also supported by the Audit and Risk Committee ("**ARC**") on specific sustainability matters under their respective terms of reference. Our sustainability governance structure and the responsibilities of component parties are detailed as follows:

Board

- Determines key Sustainability Factors of the Group
- Oversees the identification and evaluation of climate-related risks and opportunities
- Review and approves sustainability strategy and targets, policies, and sustainability report (including materiality assessment process and outcome)
- Ensures the integration of sustainability and climate-related risks and opportunities within the Group's enterprise risk management ("**ERM**") framework
- Monitors implementation of sustainability strategies, policies and performance against targets

ARC

- Reviews the effectiveness and adequacy of the Group's internal control systems and processes
- Oversees the conduct of assurance activities pertaining to the Group's sustainability reporting processes

SR Committee (executive level)

- Develops sustainability strategy and policies and recommends revisions to the Board
- Ensures the implementation of sustainability strategy is aligned across business segments and geographical locations
- Evaluates overall sustainability risks and opportunities, including a focus on climate-related issues
- Undertakes materiality assessment and reviews sustainability reports prior to approval by the Board
- Aligns practices on the ground with the organisation-wide sustainability agenda and strategy
- Monitors sustainability activities and performance against targets

Business units | **Corporate functions**

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

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

To ensure that our sustainability strategy addresses the concerns of our various stakeholders, we have identified six key stakeholder groups, which we prioritise our engagements with, through a stakeholder mapping exercise performed with the Senior Management Team. These key stakeholders include communities, customers, employees, governments and regulators ("**Regulators**"), investors and shareholders, and business partners. In the table below, we explain how we listen to our stakeholders and respond to their concerns.

Stakeholders	Impact and Significance	How We Engage	Frequency	How We Respond
Business Partner	• Promote collaborative partnership and opportunity with our partners, including suppliers and subcontractors ("**Business Partners**"), to nurture and expand the business	Supplier visits/meetings	Regularly	• Quality assurance certifications • Supply chain management • Occupational health safety practices
		• Safety briefings and courses • Whistle-blowing channel	As and when required	
		Performance evaluation	Annually	
Communities	To be a responsible corporate citizen who cares for society, the environment and the people around us	Volunteering and participation in corporate social responsibility activities	Ongoing	Raising awareness through corporate social responsibility activities
Customers	• Maximise customer satisfaction, understand customers' needs and expectations • Provide quality products and services • Build long lasting relationships with customers	• Company website • Social media platforms • Feedback handling through emails/phone calls	Ongoing	• Design and workmanship • Customer satisfaction and experience • Quality products and services • Environmental conservation • Communication
		Whistle-blowing channel	As and when required	
		Appreciation events	Annually	
Employees	• To be a responsible employer that rewards employees on merits and takes care of their welfare, safety and personal development	• Regular staff dialogue sessions • Mobile chat groups • Training programmes and courses	Regularly	• Talent retention and attraction • Employee safety and well-being • Training and development opportunities • Efforts to promote work-life balance • Remuneration and benefits • Employee welfare • Employee volunteerism
		• Safety briefings and courses • Safety drills and site inspections • Whistle-blowing channel	As and when required	
		Volunteering and charitable events	Ongoing	
		Appreciation events and festival celebrations	Annually	
Investors and shareholders	• Maximise shareholder returns • Practice good corporate governance, transparency and disclosures • Strive for sustainability and long-term growth • Accurate and timely updates Company's business progress, financial report	Half-yearly financial results announcements	Half-yearly	• Financial stability • Long-term growth plans • Market diversification • Geographical expansion • Risk management • Corporate governance • Sustainability efforts
		• Annual report • Annual general meeting	Annually	
		• Extraordinary general meeting • Regular business updates • Whistle-blowing channel	As and when required	

SUSTAINABILITY REPORT

Stakeholders	Impact and Significance	How We Engage	Frequency	How We Respond
Regulators	Ensure regulatory compliance, responsible ethical practices and legal concerns are handled responsibly	Obtain up-to-date information about change in regulations through electronic communications and consultations and briefings organised by key regulatory bodies	As and when required	Comply with regulations and avoid disputes and prosecutions

Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

POLICY, PRACTICE AND PERFORMANCE REPORTING

Sustainability Reporting Processes

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

Processes involved are shown in the chart below:

Context

Understand the Group's context by considering its activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in, including minority interests

Identification

Identify actual and potential impacts on the economy, environment, people and their human rights

Rating

Assess the pervasiveness of Sustainability Factors across the Group and cluster similar sustainability Factors

Prioritisation

Prioritise the impacts based on their significance to determine the key Sustainability Factors for reporting

Validate

Sustainability Factors will be internally validated by leadership for reporting

Review

In each reporting period, review the key Sustainability Factors from the previous reporting period to account for changes in impacts which can result from feedback received through engagement with stakeholders, organisational and external developments

SUSTAINABILITY REPORT

Materiality Assessment

We constantly refine our management approach to adapt to the changing business landscape. The Group performs an annual materiality assessment to ensure that issues disclosed in our sustainability reports remain current, material, and relevant. From the assessment, we identify key areas that impact our ability to create value for our stakeholders.

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

Performance Tracking and Reporting

We track the progress of our key Sustainability Factors by identifying the relevant data points, measuring and monitoring them. In addition, we set performance targets that are aligned with our strategy to ensure that we remain focused in our path to sustainability. We shall consistently enhance our performance-monitoring processes and improve our data capturing systems.

OUR KEY SUSTAINABILITY FACTORS

In FY2023, we conducted a stakeholder engagement session[11] and a materiality assessment to understand the concerns and expectations of our stakeholders. Through the materiality assessment, we identified the key Sustainability Factors with significant impacts on the economy, environment, people and their human rights, to be covered in our Report.

In this Report, we also identified the performance indicators for our key Sustainability Factors, reported our progress in managing these factors and set related targets to improve our sustainability performance.

Our key Sustainability Factors are presented in the table below:

S/N	Key Sustainability Factor	Key stakeholder	UN SDG
Economic			
1	Total customer satisfaction	• Business partners • Customers	Decent work and economic growth
2	Sustainable business performance	Investors and shareholders	Decent work and economic growth
Environment			
3	Energy conservation and GHG emissions reduction	• Communities • Investors and shareholders	Climate action
4	Waste management	• Communities • Investors and shareholders	Responsible consumption and production
5	Water conservation	• Communities • Investors and shareholders	Clean water and sanitation
Social			
6	Employment	Employees	Reduced inequalities
7	Employee development	Employees	Quality education
8	Occupational health and safety	Employees	Good health and well-being
9	Ongoing community engagement	Communities	Sustainable cities and communities Governance
Governance			
10	Corporate governance and code of ethics	• Investors and shareholders • Regulators	Peace, justice and strong institutions

[11] The Company distributed an online survey to both its internal and external stakeholders of customers, employees and suppliers to gather perspectives on the most important sustainability factors for the business to prioritise.

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

CUSTOMER EXPERIENCE

Total Customer Satisfaction

Our Commitment

In line with our values, we are committed to fulfilling our promises to customers and ensuring that they are satisfied with our products and services to achieve long-term success for our Group. We strive to be the preferred choice in building solutions through safe, superior, reliable products and services and strategic planning.

8 DECENT WORK AND ECONOMIC GROWTH

Our Approach

Offer a comprehensive range of products and services that meets markets' needs

Key air-conditioner brands

Key brands for air-conditioner materials

In-house brand for air-conditioner materials

Our Aircon and Engineering Division operates One-Stop ACMV Equipment and ACMV Installation Materials Distribution Hubs located at Defu Lane 10 and Bukit Batok Street 23. We represent various ACMV brands, catering to the industrial, commercial and residential markets. They include well-known international leading brands such as Mitsubishi Electric, Daikin, Panasonic, LG and Midea. We also supply ACMV spare parts and accessories including installation materials, industrial tools and equipment, under various brands which include our in-house brand, Natural Cool Supplies, as well as other brands such as Armaflex, Sing Swee Bee and, Keystone Cable. Customers such as ACMV contractors find it useful and convenient to purchase ACMV spare parts and accessories from us as they can source for products, under one roof at our outlets.

Apart from our core Aircon and Engineering Division, we also serve other markets through our Paint and Coatings, F&B and Technology Divisions as follows:

- Our Paint and Coatings Division has over 20 years of history in the paint business supporting the construction industry through our flagship "Cougar" brand. The division distributes a complete range of cost-effective products including enamel coatings, epoxy coatings, PU coatings and solvents;
- F&B Division produces and distributes cooked snack food products to supermarkets as well as operating a dine-in restaurant "Abang Recipes", a Yummy House food stall and "Dao Xiang" retail outlets at various locations in Singapore; and
- Technology Division provides a range of solutions which include digital communication devices, lift monitoring and video surveillance solutions.

Proactive supply chain management

Our Business Partners are selected and evaluated regularly based on criteria such as product quality, safety and adherence to specifications required by our customers. For instance, our Aircon and Engineering Division sends ACMV installation materials such as copper tubes and trunking to Singapore Accreditation Council Accredited Organisations for product testing and accreditation. Through such an arrangement, the specifications, strength and fire resistance of the materials are tested against relevant local and international quality standards. In addition, the division also requests safety data sheets from its refrigerant gas suppliers for chemical safety information and regulatory information on compliance with applicable laws or regulations.

Proactive customer engagement

Our Aircon and Engineering Division and Technology Division collect customer feedback through customer satisfaction surveys. Feedback is collected to gather valuable insights on our customers' requirements, expectations and level of satisfaction for us to serve them better. Insights gathered are discussed to improve product safety and quality, service quality and provide inputs for our business strategies.

Nurture a team of highly trained and experienced employees

We are proud of our high service standard as we constantly upgrade the skills of our air-conditioner repair and servicing staff, to proactively respond to service requests and situations.

The National Environment Agency ("**NEA**") collaborates with the Institute of Technical Education ("**ITE**") to offer training courses for household air-conditioner technicians. To be competent in the best practices of climate-friendly air-conditioner installation and servicing, we send our installers/technicians to attend the Certificate of Competency in Residential Air-Conditioning System (Refrigerant), a course jointly offered by NEA and ITE. NCAE is one of the air-conditioner servicing companies with suitably certified installers/technicians.

Our Performance

To ensure we provide quality products and services to our customers, we adopt market standards and achieved certifications as follows:

Division	Standard/Certification	Focus of relevant standard/certification
Aircon and Engineering Technology	ISO 9001:2015	Specify requirements for a quality management system that can demonstrate the ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements
F&B	Singapore Food Agency ("**SFA**")	Manage the overall hygiene, cleanliness and housekeeping standards of our premises
	Halal	Ensure that our operations comply with Islamic dietary requirements

SUSTAINABILITY REPORT

ECONOMIC

Sustainable Business Performance

Our Commitment

We believe in the creation of long-term economic value and consistent economic performance for the Group. We are also committed to providing value to various stakeholders in ways that are relevant and meaningful.

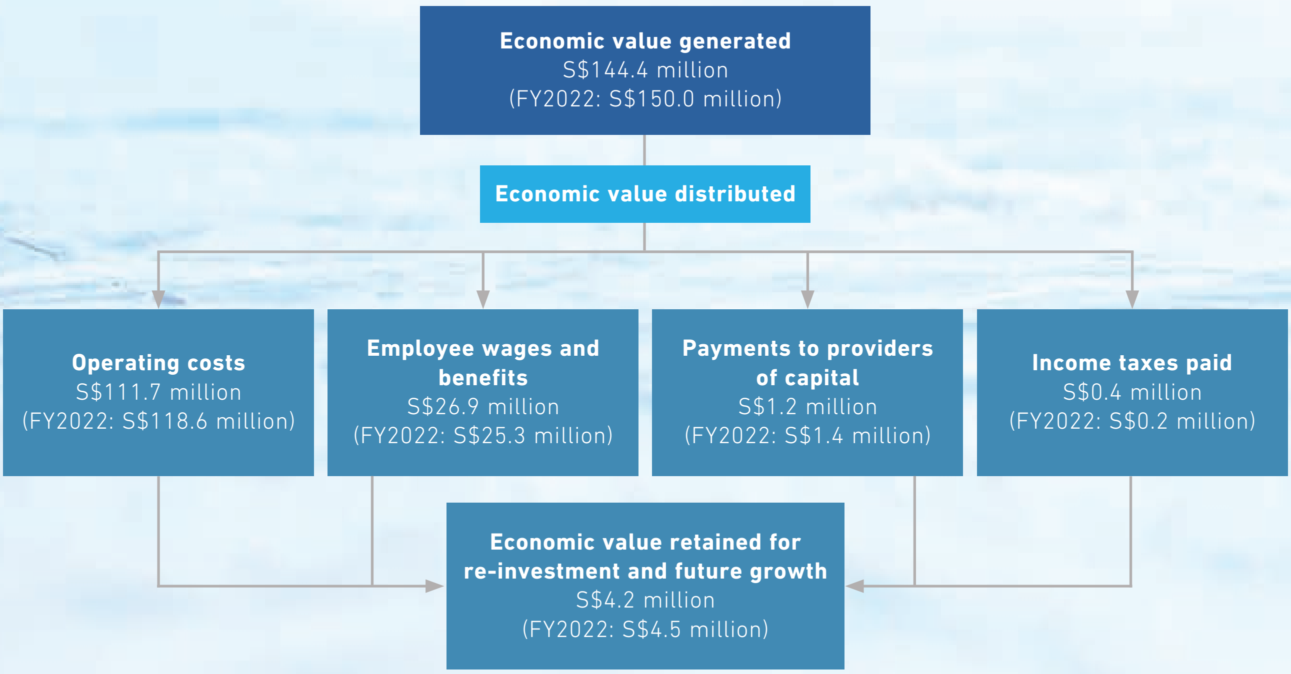
8 DECENT WORK AND ECONOMIC GROWTH

Our Approach

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

Our Performance

In line with the commitment, economic value created in FY2023 is distributed to our key stakeholders as follows:



Further details of our economic performance can be found in the financial contents and audited financial statements of this annual report.

SUSTAINABILITY REPORT

ENVIRONMENT

Energy Conservation and GHG Emissions Reduction

Our Commitment

CLIMATE ACTION

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

Our Approach

We aim to reduce our environmental footprints and at the same time, establish operational resilience to deliver long-term and sustainable value to our stakeholders. We adopt a balanced approach in effectively managing and minimising the impacts arising from our business operations.

Decarbonisation approach

To achieve our decarbonisation goals, we set up a 7-step continuous circular process for our decarbonisation efforts as follows:

1. **Establish baseline** – Define boundary, emission profiling and set baseline
2. **Identify opportunities and set targets** – Identify opportunities to decarbonise and set targets for emissions
3. **Develop roadmap** – Evaluate opportunities based on cost-benefit considerations and develop roadmap
4. **Sustainability report** – Incorporate decarbonisation strategy and performance in sustainability report
5. **Execution** – Execute decarbonisation strategy
6. **Assurance** – Conduct assurance on reporting process and/or performance
7. **Refinement and improvements** – Re-establish and improve

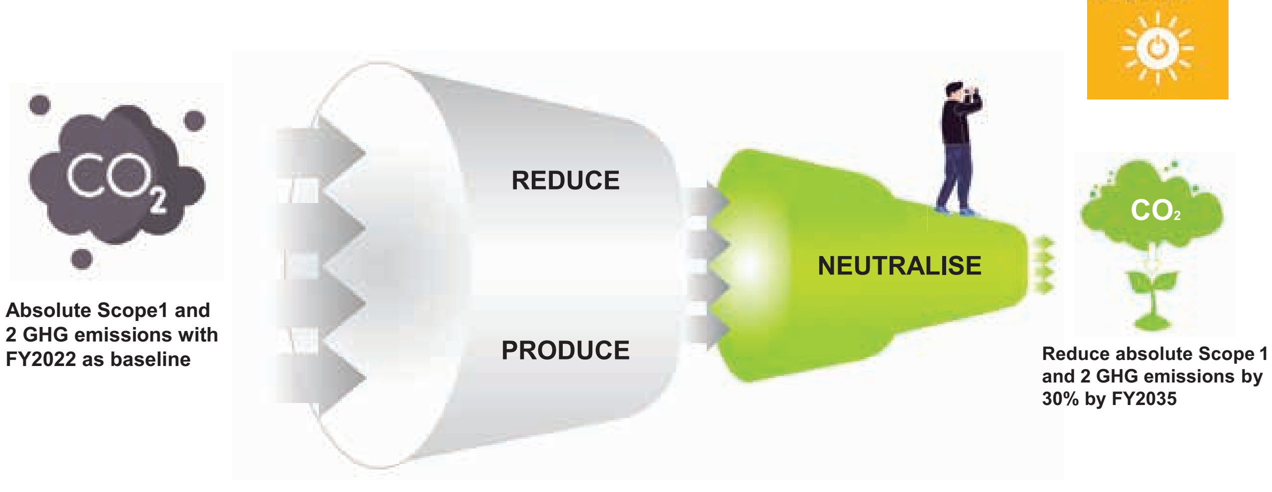
This year, we conducted a GHG emission profiling exercise for our Scope 1, 2 and 3 GHG emissions based on defined organisational boundaries. We track and monitor our Scope 1, 2 and certain categories of Scope 3 GHG emissions closely and are developing mechanism to track our other categories of our scope 3 GHG emissions, where relevant and practicable. We developed a climate change transition plan and will refine and improve the plan as we progressively implement it, by considering changes in business operations, environment and market trends. Progress updates and performance will be provided in our future sustainability reports with assurance on the reporting process covered by an internal review.

Climate change transition plan

We believe that setting and implementing a climate change transition plan will bring about opportunities that benefit both the Group and environment. Such opportunities include raising awareness within the Group and allowing us to review and assess our value chain, promote energy efficient air conditioners and environmentally friendly cooling coating to our customers.

Under this plan, we commit to reduce our absolute Scope 1 and 2 GHG emissions by 30% by FY2035, with FY2022 as our baseline. Our climate change transition plan is focused on three (3) strategic levers of reduce, produce and neutralise as follows:

Climate change transition plan



Details of our strategic levers are as follows:

Lever	Reduce	Produce	Neutralise
Description	• Reduce absolute emissions first within our operations and followed by our supply chain • Replace existing energy source with low or zero-carbon sources	On-site generation of green or renewable energy	Neutralise unavoidable residual emissions
Focus area	• Energy efficiency ❖ Machinery and equipment ❖ Lighting ❖ Cooling • Behavioural changes • Clean energy • Electric vehicles	Solar energy	• Renewable energy certificates ("**REC**") • Carbon credits

We track and review spending on energy consumption regularly to control usage and take corrective actions when unusual consumption patterns are observed. We continuously strive to improve our energy use and efficiency through the following initiatives and aspirations:

Lever	Key initiative	Description
Reduce	Energy efficiency – Machinery and equipment	• We maintain a systematic maintenance programme for vehicles to improve fuel efficiency. • We regularly track the energy consumption of our equipment and take corrective actions such as modernising obsolete equipment wherever practicable. In FY2023, we replaced less energy-efficient and obsolete cargo lift at our premises with modern lifts which will switch to idle mode when not in use, leading to electricity savings from improved energy efficiency.
	Energy efficiency – Lighting	We optimise electricity efficiency using high-efficiency lighting wherever practicable.
	Energy efficiency – Cooling	• We install high energy efficiency air-conditioners in our premises. • The air-conditioner units at our F&B Division's factory, located at JTC Bedok Food City, are connected to the chilled water supplied by JTC via energy-efficient chilled water plant.
	Behavioural changes	We constantly remind our staff on basic and socially responsible habits at their workplaces such as adopting greener work ethics, switching off appliances if not in use, enabling power saving modes and optimising operating temperatures.
	Clean energy	We constantly explore opportunities to source for clean and/or renewable energy where we operate.
	Electric vehicles	We developed a plan to replace our petrol and diesel vehicles with electric vehicles ("**EV**") to reduce GHG emissions from our vehicles. Based on the plan, our Aircon and Engineering Division invested in EV which formed approximately 19% of its fleet of vehicles as at 31 December 2023. During the Reporting Period, we also invested in EV charging points at our premises. Installing EV charging points at our premises allow our employees to plan their working hours more efficiently and minimise carbon footprint, as compared to public EV charging points, which require longer waiting time during working hours and commuting time to reach them. We are committed to fully implement the plan.  
Produce	Solar energy	The Group plans to explore the generation of solar energy onsite where practicable.
Neutralise	• REC • Carbon credits	The Group plans to explore the use of REC and carbon credits to offset unavoidable residual emissions when the relevant markets mature.

Energy efficient and environmentally friendly products

Our Business Partners such as Daikin and Panasonic manufacture air-conditioner units which use advanced refrigerants such as R-32. R-32 is a leading refrigerant, well-established for its lower environmental impact as it reduces electricity consumption and has a lower global warming potential. We make expeditious efforts to promote more environmentally friendly products to customers to help them save energy, this benefits our customers economically and at the same time, lessen the environmental impact of using air-conditioner units.

We are one of the subcontractors for the centralised cooling system ("**CCS**") backed by Daikin, one of our Business Partners. The CCS is environmentally friendly compared to conventional split-unit air-conditioning systems as it cools home mainly using closed chilled water loop instead of refrigerant gases. Refrigerant gases, such as R-22 and R410A, are extremely potent greenhouse gases that damage the ozone layer. Conventional split-unit air-conditioning systems are also less energy efficient as air-conditioner units are connected to small outdoor compressors close to the wall that results in limited airflow.

We partnered with SolCold, a start-up company, to conduct research and development and commercialisation of SolCold's Anti-Stokes Fluorescence technology in Singapore. SolCold's Anti-Stokes Fluorescence technology is a patented cooling coating that harnesses the sunlight, a renewable source of energy, to provide zero carbon emission cooling which can be adopted in the renewable energy, built environment, logistics and electronics industries or any exterior building surfaces that can absorb the sunlight.

Our Performance

To run our factory operations, we rely mainly on the following energy sources:

- Diesel and petrol for motor vehicles;
- Electricity for lighting, cooling, office equipment, EV and machinery and equipment; and
- LPG for operating cooking equipment.

Key statistics on energy consumption and GHG emissions during the Reporting Period are as follows[12]:

Performance indicator	Unit of measurement	FY2023	FY2022
Energy consumption			
Petrol consumption	GJ	164	173
Diesel consumption	GJ	9,678	10,668
LPG consumption	GJ	87,869	59,050
Electricity consumption	GJ	6,868	6,322
Total energy consumed	GJ	104,579	76,213
Energy intensity	GJ/S$ million revenue	725.4	509.3
GHG emissions			
Direct GHG emissions (Scope 1)[13]	tCO_2e	6,297	4,549
Indirect GHG emissions (Scope 2)[14]	tCO_2e	801	721
Total GHG emissions	tCO_2e	7,098	5,270
Scope 1 and Scope 2 GHG emissions intensity	tCO_2e/S$ million revenue	49.2	35.2

[12] We applied the operational control approach to quantify and account for our GHG emissions. The boundary of our reported emissions covers our operations in Singapore and Malaysia but exclude joint ventures.

[13] Emission factors ("**EF**") were sourced from 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Only CO_2, CH4 and N_2O emissions are included in the calculation of direct GHG emissions. Global Warming Potential ("**GWP**") factors used are from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

[14] Grid EF for Singapore was obtained from Energy Market Authority. Grid EF for Malaysia was sourced from Institute for Global Environmental Strategies (2021) – List of Grid Emission Factors version 11.2.

The Group's total energy consumption and total GHG emissions in FY2023 amounted to 104,579 GJ (FY2022: 76,213 GJ) and 7,098 tCO_2e (FY2022: 5,270 tCO_2e) respectively.

Energy consumption and GHG emissions of our F&B Division for FY2023 of 93,646 GJ (FY2022: 65,130 GJ) and 6,088 tCO_2e (FY2022: 4,282 tCO_2e) respectively accounted for 89.5% (FY2022: 85.5%) and 85.8% (FY2022: 81.3%) of the Group's energy consumption and GHG emissions. This is inherent in the nature of the F&B Division which is highly dependent on LPG. As we re-organised our F&B Division in FY2023 by introducing new products and additional food stalls, it inevitably led to the increase in LPG consumptions and GHG emissions of the Group.

Excluding the F&B Division, the energy consumption and GHG emissions for the Group in FY2023 remain largely unchanged at 10,933 GJ (FY2022: 11,083 GJ) and 1,010 tCO_2e (FY2022: 988 tCO_2e). We are mindful of our responsibility to the environment and will work towards improving our environmental performance as we gain traction in implementing our strategy.

During the Reporting Period, we started tracking selected Scope 3 GHG emissions of our operations in Singapore as follows:

Category	Coverage	Unit of measurement	FY2023[15]
Category 1: Purchased goods and services	Potable water	tCO_2e	32
Category 6: Business travel	Air travel	tCO_2e	9
Category 7: Employee commuting	Transportation of employees between their homes and their worksites	tCO_2e	111
Category 11: Use of sold products	Electricity consumed from the use of air-conditioner units sold for residential use	tCO_2e	9,329

Waste Management

Our Commitment

We believe that responsible waste management can help to preserve the environment in which we operate in. Accordingly, we are committed to improving the management of waste generated in operations through contribution to a circular economy. We strive to contribute to a circular economy through optimising the use, reusing and recycling of resources.

Our Approach

Key waste generated by our operations includes:

- Aircon and Engineering Division: Used refrigerant gas cylinders;
- F&B Division: Used cooking oil;
- Technology Division: Failed batteries; and
- Office environment: Paper waste.

Our Aircon and Engineering Division has been promoting the used refrigerant gas cylinders recycling programme implemented by the NEA. Under this programme, a NEA licensed vendor is engaged to collect the used cylinders, recover the refrigerant gas for future re-use or safe destruction and dispose the cylinders responsibly in a safe environment.

[15] No comparative data is available as we started tracking Scope 3 GHG emissions in FY2023. Scope 3 GHG emissions were calculated using a mix of emission factors from "Life cycle assessment of water supply in Singapore — A water-scarce urban city with multiple water sources", grid EF for Singapore obtained from Energy Market Authority which was applied to annual energy consumption of air-conditioner units extracted from Database of Registered Goods under the Mandatory Energy Labelling Scheme introduced by NEA, and calculation tools comprising International Civil Aviation Organization Carbon Emissions Calculator and Carbon and Emissions Recording Tool.

Our F&B Division engages a NEA licensed used cooking oil collector to collect and process our used cooking oil since year 2023.

Our Technology Division engages a NEA appointed operator and Town Councils to collect failed battery waste, for proper treatment and recycling purposes.

As part of the plan to digitalise, we moved away from printing documents and promoted electronic payments for our suppliers. We also encouraged our customers to make payments electronically. Currently, all inter-group billings are prepared electronically and no paper invoices are generated. We believe that these small steps will help us in reducing the use of natural resources and generation of paper-related waste.

Our Performance

Key statistics on waste generated in our operations are as follows:

Type of waste	Unit of measurement	FY2023	FY2022
Waste Collected and Recycled			
Used refrigerant gas cylinders	cylinders	3,243	2,511
Used cooking oil	litres	2,128	Not available
Failed batteries	pieces	4,472	3,320

Water Conservation

Our Commitment

We are committed to improving the management of water use in our operations. Water is a precious resource and water management is important to ensure that we consume water responsibly and efficiently.

Our Approach

We mainly source our water supply from municipal water suppliers. Our water conservation initiatives include tracking and reviewing spending on water consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns and encourage staff to use water responsibly.

Our Performance

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

Performance Indicator	Unit of measurement	FY2023	FY2022
Water consumption	m^3	24,948	22,561
Water consumption intensity	m^3/S$ million revenue	173	151

The increase in water consumption intensity is mainly attributable to a more than proportional increase in water consumed by our F&B Division as compared to the increase in related revenue. The increase in consumption is mainly a result of increase in production of items which requires water supply and opening of two (2) new stalls in the fourth quarter of 2023.

SOCIAL

Employment

Our Commitment

10 REDUCED INEQUALITIES

We are committed to creating a diverse and inclusive workplace for all. We expect all employees and management to treat one another with respect and dignity, regardless of age, race, religion, nationality, gender identity or ability. We have zero tolerance for any form of discrimination or harassment on any basis.

Our Approach

We ensure sustainable operations management by adopting the following measures:

- Set out guidelines for the recruitment and promotion of employees based on merit and competency in our employee handbook and human resources policy;
- Engage employees by conducting dialogue sessions between the Management and them;
- Review employees' remuneration and benefits annually by benchmarking with industry average. Our employee benefits include medical insurance coverage, entitlement to medical claims, appointment of doctors to facilitate employees' access to occupational health services and pro-family benefits such as maternity leave and paternity leave and childcare leave (collectively as "**Parental Leave**");
- Provide a safe, healthy and positive work environment for our employees; and
- Enhance technological capabilities to support flexible working style that is less dependent on specific times and locations, reduce the burden of travel for employees hence allowing employees to have more quality time with their family and friends.

Our Performance

As at 31 December 2023, our total staff strength in Singapore and Malaysia is 571 (FY2022: 564). In FY2023, 98% (FY2022: 98%) of our staff worked in the Singapore offices, while another 2% (FY2022: 2%) of our employees are based in Malaysia. In FY2023, 98% (FY2022: 99.6%) of our employees are permanent full-time employees, while another 2% (FY2022: 0.4%) of our employees are permanent part-time employees. There are no (FY2022: zero) incidents of unlawful discrimination against employees reported in FY2023.

Gender diversity

Key statistics on gender diversity of our employees are as follows:

	FY2023		FY2022	
Disclosure	**Male**	**Female**	**Male**	**Female**
Overall	77%	23%	79%	21%
Employee Category				
Engineers	81%	19%	89%	11%
Managers	75%	25%	76%	24 %
Executives	22%	78%	23%	77%
Technicians	88%	12%	99%	1%
Non-Executives – Operations	84%	16%	88%	12%

Due to the nature of our business, in particular the repair and servicing services, we employ a larger proportion of males in our workforce.

Age diversity

Key statistics on age diversity of our employees are as follows:

Disclosure	FY2023			FY2022		
	Below 30	30 – 50	Above 50	Below 30	30 – 50	Above 50
Overall	29%	54%	17%	28%	54%	18%
Employee Category						
Engineers	12%	63%	25%	20%	65%	15%
Managers	3%	41%	56%	1%	45%	54%
Executives	19%	69%	12%	24%	62%	14%
Technicians	23%	64%	13%	26%	59%	15%
Non-Executives – Operations	44%	48%	8%	40%	50%	10%

New employee hires

In FY2023, our hiring rate was 39% (FY2022: 41%). Key statistics on new employee hires are as follows:

Disclosure	FY2023		FY2022	
	Number of new hires	Rate of new hires	Number of new hires	Rate of new hires[16]
Gender				
Male	172	39%	205	46%
Female	49	38%	27	23%
Age				
Below 30	110	67%	124	78%
30 to 50	94	30%	100	33%
Above 50	17	18%	8	8%
Overall new hires	221	39%	232	41%

[16] In FY2023, we changed the denominator used to compute rates of new hires and turnovers by gender and age group. The change in denominator is meant to align with the market practices and aims to provide a more accurate representation of our employee hiring and turnover metrics.

Employee turnover

In FY2023, our overall turnover rate was 38% (FY2022: 22%). Key statistics on employee turnover are as follows:

Disclosure	FY2023 Number of turnovers	FY2023 Rate of turnovers	FY2022 Number of turnovers	FY2022 Rate of turnovers[16]
Gender				
Male	171	39%	98	22%
Female	43	33%	26	22%
Age				
Below 30	90	55%	40	25%
30 to 50	91	29%	68	22%
Above 50	33	34%	16	16%
Overall turnover	214	38%	124	22%

The increase in turnover rate is mainly attributable to a higher turnover of employees who left the Group to pursue other opportunities. Due to the nature of our business, in particular the business of providing construction and servicing services, we have a larger proportion of foreign contract workers and they may contribute to a high turnover upon expiry of their contracts. We will continuously work towards lowering our turnover rate.

Parental leave

Key statistics on Parental Leave taken by eligible employees are as follows:

Disclosure	FY2023[17] Male	FY2023[17] Female
Number of employees entitled to Parental Leave	25	18
Number of employees who took Parental Leave	25	18
Number of employees who returned to work after Parental Leave ended	25	18
Return to work rate of employees who took Parental Leave	100%	100%
Retention rate of employees 12 months after they returned to work from Parental Leave[18]	100%	100%

[17] No comparative data is available due to non-availability of information.
[18] Retention rate is calculated based on employees who took Parental Leave in the preceding reporting period.

Employee Development

Our Commitment

In line with our values, we are driven to develop our employees to reach their full potential as we believe that the growth of our employees serves as a foundation of the Group's development.

4 QUALITY EDUCATION

Our Approach

Training and development programmes are available to employees on workplace safety-related, core and skill upgrade training on a range of topics such as leadership and management, soft skills, operational and technical competency. We encourage continuous training for all employees to increase productivity and enhance understanding of all aspects of our business. To ensure our workers are adequately equipped with the required safety knowledge and skills to perform their jobs, we have in place a rigorous training programme for all employees.

Employee assessment is performed for evaluating the performance of the employees and to discuss areas for improvement. It also encourages employees to take self-initiated enrichment actions to improve their current skill sets, which in turn helps to value-add to our business.

Our Performance

Total and average training hours[19]

Key statistics on training hours are as follows:

Disclosure		FY2023 Total training hours	FY2023 Average training hours per employee	FY2022 Total training hours	FY2022 Average training hours per employee
Engineers	Male	136	3.9	312	9.8
	Female	114	14.2	9	2.3
Managers	Male	114	2.2	120	2.0
	Female	62	3.7	185	9.7
Executives	Male	37	2.9	86	4.3
	Female	207	4.5	154	2.3
Technicians	Male	472	4.0	336	3.3
	Female	199	12.4	9	8.5
Non-Executive – Operations	Male	896	4.0	1,388	6.0
	Female	24	0.6	16	0.6
Overall	**Male**	**1,655**	**3.7**	**2,242**	**5.1**
	Female	**606**	**4.7**	**373**	**3.1**
	Total	**2,261**	**4.0**	**2,615**	**4.6**

[19] This performance indicator covers Singapore operations.

The decrease in total training hours is mainly attributable to a decrease in the training hours provided for non-executive – operations employees. Such employees comprised mainly male migrant workers. Training hours were higher in FY2022 due to resumption of face-to-face training and an increase in migrant workers hired with the easing of Covid-19 restrictions in FY2022. As training programmes are conducted in cyclical patterns, higher training hours in FY2022 were followed by a reduction in training hours in FY2023.

Occupational Health and Safety

Our Commitment

Workplace safety is a top priority for us. We take pride in ensuring that all our employees and contractors are competent and adequately equipped to work safely.

Our Approach

Three of our entities – NCAE, JAD Solutions Pte Ltd and Nam Fang Co Pte Ltd are certified under ISO 45001:2018 Occupational Health and Safety Management System. NCAE also attained bizSAFE Star, the highest level in bizSAFE, a five-step programme offered by the Workplace Safety and Health ("**WSH**") Council that assists companies in building their WSH capacity and capabilities. In addition, iFocus is bizSAFE 3 certified by the WSH Council. Such certifications recognise our continuous efforts to embed safety in our operations. Risk assessments are performed for higher-risk work activities that our employees are involved in, such as working at height and chemical cleaning.

As part of our skill-training programme, we consistently conduct workplace health and safety briefings to review our safety practices with workers. In the event of an incident, accident or near-miss incidents, it shall be reported to the relevant supervisor, head of department or other designated person within the organisation who will assess the situation and decide on further action plan, if needed. First aid and medical care are provided to the injured person(s) where necessary. An incident investigation team would then conduct an incident investigation to identify the root cause and work with the relevant persons to put in place corrective actions to prevent recurrence of the incident or accident.

All workers are provided with necessary personal protective equipment ("**PPE**") for the work that they are doing. PPE issuance records are maintained to track PPE maintenance and replacement. All employees are required to familiarise themselves with the safety risks that they are exposed to. Regular training is provided for employees on common safety hazards such as slips, trips and falls, while subcontractors and visitors are required to attend safety briefings prior to starting their work.

Our Performance

Key statistics on the number and rate (per 1,000,000 recordable working hours) of our work-related injuries and work-related ill health cases in FY2023 are as follows:

	FY2023		FY2022	
Disclosure	Number	Rate	Number	Rate
Workplace fatalities	–	–	–	–
High-consequence work-related injuries[7]	–	–	–	–
Recordable work-related injuries	8	5.9	5	4.0
Recordable work-related ill health cases	–	–	–	–

The recordable work-related injuries mainly relate to struck by falling objects. Our operations team works closely with our subsidiaries to strengthen workers' safety awareness, education and improve communication with workers on safety concerns raised.

SUSTAINABILITY REPORT

Ongoing Community Engagement

Our Commitment

We are committed to creating positive social impacts through planning a variety of corporate social responsibility activities which address the needs of our local communities.

Our Approach

We work with various organisations to raise funds and help empower local communities.

Our Performance

During the Reporting Period, we engaged in the following initiatives to help the communities:

<ins>Let's Take A Walk</ins>

As part of our community outreach programme, our employees participated in Let's Take A Walk, a non-profit endurance walking event and fundraiser organised by Raleigh Singapore volunteers. The event aims to raise funds for Ray of Hope, a registered charity that provides community support and resources to families and individuals in Singapore that have fallen on hard times.

<ins>Exercise Books Donation to Sri Lankan Students</ins>

We contributed to the printing of exercise books for students in Sri Lanka who faced economic hardships. The exercise books we donated will not only serve as vital learning tools but also ensure that these students continue to receive quality education despite the challenging circumstances they are facing.

<ins>Provide charitable contributions to support worthy causes</ins>

During the Reporting Period, we donated over S$40,000 to various organisations for good causes and they include:

- The UOB Global Heartbeat Run/Walk is a volunteering or fundraising event to improve the lives of disadvantaged children and families. Funds raised by the event are channelled through the Community Chest to support causes that advocate the inclusion of persons with disabilities, support for special needs and educational promotion;
- The Helping Hand ("**THH**") provides rehabilitation services to ex-offenders, which include family counselling, life-skills learning, and after-care services. With the programmes' support, counsel, and work opportunities, THH helped ex-offenders transform their lives and reintegrate them into society as contributing members; and
- National University Health Centre ensures timely access to medical treatment for patients in need of financial aid and alleviate their financial stress in coping with associated costs, providing them hope and allowing them to focus on their road to recovery and re-integration into the society.

SUSTAINABILITY REPORT

GOVERNANCE

Corporate Governance and Code of Ethics

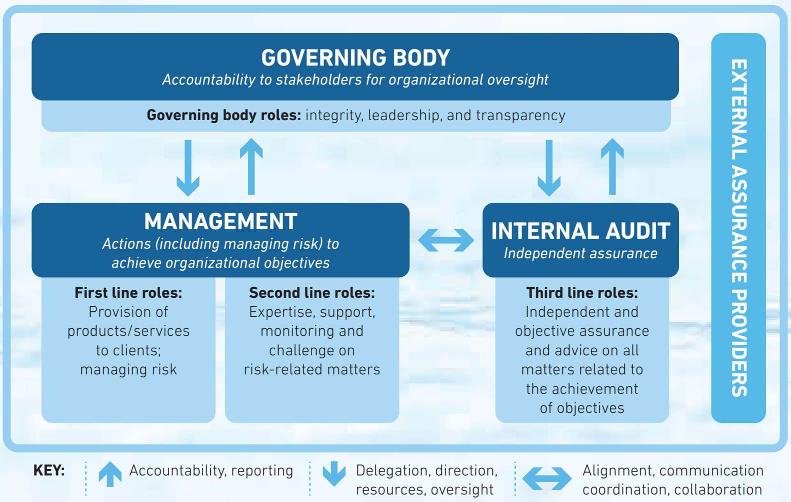
Our Commitment

The Board is committed to fostering a culture of corporate compliance, ethical behaviour and good corporate governance to achieve greater transparency and safeguard the interests of our investors and shareholders.

Our Approach

Corporate governance and risk management approach

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



Source: Three Lines Model of the IIA

A good governance includes a proper risk management system. We have in place an Enterprise Risk Management ("**ERM**") framework to track and manage the risks in which we are exposed. We regularly assess and review our businesses and operational environment to identify and manage emerging and strategic risks that may impact our sustainability. We believe that risks faced by our Group could be converted into opportunities and favourable results.

Anti-corruption

We prohibit bribery and kickbacks of any kind. Our employees are not allowed to offer or accept from anyone anything of value that is or could be viewed as a bribe or kickback or an attempt to influence that person's or company's relationship with the Group. All new employees are required to read and acknowledge the staff handbook, which covers the code of conduct and business ethics to be applied during the conduct of business.

Amongst these practices to uphold business integrity, the Group established a whistle-blowing policy which was reviewed and endorsed by the ARC and approved by the Board. To raise awareness and affirm our Group's strong stance and actions against corruption, the Group's whistle-blowing policy and related procedures are published on http://natcool.com/whistle-blowing-policy/ and applies to any employees, vendors, contractors, sub-contractors, customers and any other parties whom the Group has a business relationship with.

Under the whistle-blowing policy, employees and external parties are able to, in confidence, raise concerns about issues and misconduct requiring special investigation. A dedicated and secure e-mail address (report.nch@natcool.com) provides individuals anonymity in raising issues of contention to the ARC directly.

We periodically review and enhance our anti-corruption practices to uphold the best business practices in line with our values.

Compliance

Our business is conducted in strict accordance with the local regulations where we operate. We do so in all functions and business units, including human resources, environmental laws, legal matters, economic and other business functions.

One of our key compliance areas involves compliance with the competition law, also known as anti-monopoly, anti-trust, or fair-trade laws. The competition law is intended to prevent interference with the functioning of a competitive market system and exists in all countries where we do business. Our policy prohibits conduct such as colluding with others to fix prices or divide territories, illegally monopolising an industry and unlawfully abusing a dominant position. All employees are given clear instructions to take extra care while contacting competitors, to avoid discussion of or collaboration on confidential information, including pricing, terms, costs, etc. as such discussions may be considered illegal.

We sell our products and services on merits. We compete vigorously for business but always ethically and in compliance with relevant rules and regulations, no matter how competitive the environment may be. We avoid making false or misleading statements about the Group, our products and services or against other companies, including competitors and their products and services. We uphold our values of always being accurate, complete and honest.

Our Performance

There were no (FY2022: zero) confirmed incidents of corruption[8] in FY2023. In FY2023, there were no (FY2022: zero) non-compliance with laws and regulations for which significant fines[9] and/or non-monetary sanctions were incurred across the Group in FY2023.

The overall SGTI score assessed by the National University of Singapore Business School is 89 for calendar year 2023 (Year 2022: 82).

TARGETS AND PROGRESS

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

Legend: Progress tracking	
○○○	New target
●●●	Target achieved
●●○	On track to meet target
●○○	Not on track, requires review

S/N	Key Sustainability Factor	Target[20]	Current year progress
Economic			
1	Total customer satisfaction	On-going and long-term Adhere to the market standards in operations	○○○
2	Sustainable business performance	Short-term Maintain or improve economic value generated subject to market conditions	○○○
3	Energy conservation and GHG emissions reduction	Short-term Maintain or reduce GHG emissions intensity (tCO_2e/S$ million revenue) Medium-term Reduce our absolute Scope 1 and Scope 2 GHG emissions by 30% and by 2035, with FY2022 as our baseline	○○○

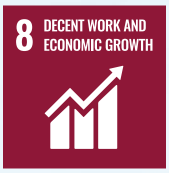
[20] Time horizons for target setting are (1) short-term: before FY2025, (2) medium-term: FY2025 – FY2035, (3) long-term: after FY2035, (4) on-going: continuous time horizon.

S/N	Key Sustainability Factor	Target[20]	Current year progress
4	Waste management	Short-term 5% increase in number of gas cylinders recycled	●●●
5	Water conservation	Short-term Maintain or reduce water consumption intensity (m^3/S$ million revenue)	○○○
Social			
6	Employment	Short-term Maintain overall turnover rate at 20% or less	●○○ Recorded an overall turnover rate of 38%. Due to the nature of our business, we experience high employee turnover and we will continuously work towards lowering our turnover rate.
		On-going and long-term Maintain zero incident of unlawful discrimination against employees	●●●
7	Employee development	Short-term Achieve an average of 5 training hours per employee	●●○ Achieved an average of 4 training hours per employee. We will continuously work towards improving our practices, addressing existing gaps and promote sustainable working learning culture.
8	Occupational health and safety	On-going and long-term Maintain zero work-related fatalities, high-consequence work-related injuries and recordable work-related ill health cases	●●●
9	Ongoing community engagement	On-going and long-term Participate in various corporate social responsibility activities	○○○
Governance			
10	Corporate governance and code of ethics	On-going and long-term • Maintain zero confirmed incidents of corruption • Maintain zero incidents of non-compliance with laws and regulations for which significant fines and/or non-monetary sanctions were incurred	●●●

SUSTAINABILITY REPORT

OUR TARGETS AND CONTRIBUTION TO THE SDGs

The table below provides a summary of our contribution to the SDGs. We contribute to social and economic development in the societies and communities we operate in, as well as do our part on climate action and conducting responsible business activities. Natural Cool Holdings supports the SDGs, where appropriate, and incorporated the SDGs as a supporting framework to shape and guide our sustainability strategy. The results shown below are how our key Sustainability Factors relate to these SDGs:

UN SDG	Our effort (Sustainability Factor)
 Ensure healthy lives and promote well-being for all at all ages	We implement measures such as workplace health and safety briefings, incident investigation and risk assessments to provide a hazard-free workplace for our employees. (**Occupational health and safety**)
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We invest in training, education and development of our people to enhance our business competencies and improve employee retention. (**Employee development**)
 Ensure availability and sustainable management of water and sanitation for all	We implement measures to reduce water wastage, which in turn help us to work towards achieving sustainable management and efficient use of natural resources. (**Water conservation**)
 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	• We place heavy emphasis on customer satisfaction as we understand that a high level of customer satisfaction is essential to the continued success of our business. This also helps to contribute to economic growth as well as the protection and creation of jobs. (**Total customer satisfaction**) • We contribute to economic growth through creating long-term economic value for our stakeholders. (**Sustainable business performance**)

UN SDG	Our effort (Sustainability Factor)
10 REDUCED INEQUALITIES Reduce inequality within and among countries	We believe that the Group should adopt fair employment practices and recruitment should be based on merit. We ensure that our employees are granted a wide range of benefits such as flexible work arrangements, medical benefits and pro-family benefits. (**Employment**)
11 SUSTAINABLE CITIES AND COMMUNITIES Make cities and human settlements inclusive, safe, resilient and sustainable	We initiate various campaigns to promote social inclusion and sustainable communities. (**Ongoing community engagement**)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION Ensure sustainable consumption and production patterns	We implement measures such as recycling used refrigerant gas cylinders to help manage waste that is generated from our business operations. (**Waste management**)
13 CLIMATE ACTION Take urgent action to combat climate change and its impacts	We implement measures to reduce our energy consumption as it helps to improve our energy efficiency, reduce our emissions and save costs incurred to support our business operations. (**Energy conservation and GHG emissions reduction**)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	We are committed to high standards of corporate governance as we believe that a high standard of corporate governance is integral in ensuring sustainability of our businesses as well as safeguarding shareholders' interests and maximising long-term shareholder's value and carry our business with integrity by avoiding corruption in any form and ensuring compliance with laws and regulations. (**Corporate governance and code of ethics**)

OUR DISCLOSURES BASED ON TCFD RECOMMENDATIONS

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

Governance

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

The Board oversees the Management and monitoring of the sustainability matters of the Group, including climate-related risks and opportunities, and take them into consideration in the determination of the Group's strategic direction and policies.

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

Our SR Committee headed by the Group CEO and supported by Senior Management Team across different business units and corporate functions, guides our sustainability strategy as part of the Group's overall business strategy. The SR Committee is responsible for the management and monitoring of our key Sustainability Factors, including working with the various business units to ensure that climate-related issues are considered in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.

Strategy

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

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

The climate-related risks and opportunities identified by the Group during a climate-related risk assessment exercise include the following:

- **Increased severity of extreme weather events** – Adverse changes in climate patterns such as rising temperatures and extreme weather events (such as floods and droughts) may disrupt supply chains and consequentially procurement delays, as well as disruptions to the manufacturing of paint and basic chemicals and food and beverages. As a result, the Group may face adverse impacts on financial performance. Conversely, this risk presented an opportunity for the Group to review and assess its value chain;
- **Shifting consumer preferences for environmentally friendly products** – With rising concerns over the effects of climate change and demands for energy efficiency, consumers may demand for environmentally friendly products. The Group realises the opportunity to promote energy efficient air conditioners and environmentally friendly cooling coating to customers. For further details, you may refer to the energy conservation and GHG emissions reduction Sustainability Factor;
- **Mandates on and regulations of products and services** – NEA is phasing out air-conditioning equipment that uses high-GWP refrigerants. For instance, companies can only supply regulated air-conditioning equipment that meets Environmental Protection and Management Act ("**EPMA**")'s requirements (i.e. use refrigerant that meet the GWP limits and are registered with NEA). In addition, NEA issued mandates on companies carrying out refrigerant handling works during installation and maintenance whereby companies found to be non-compliant with the EPMA's requirements shall be liable on conviction to a fine and/or imprisonment. From such developments, the Group realises the opportunity to source and distribute air-conditioning equipment that uses refrigerants with lower GWP. For further details, you may refer to the energy conservation and GHG emissions reduction Sustainability Factor; and
- **Enhanced emissions-reporting obligations** – With rising concerns over the effects of climate change, key stakeholders such as the regulators, customers and shareholders are demanding climate-related information. Failure to comply with the relevant climate reporting requirements may lead to adverse impacts on the Group's reputation and financial performance. On the other hand, enhanced emissions reporting obligations raise climate awareness amongst our employees and with more defined job responsibilities and training, the Group will be in a better position to use energy resources responsibly and meet the rising needs and expectations of regulators, customers, and our shareholders on the environment.

The Group's assessment on potential implications of the above climate-related risks was undertaken based a range of climate scenarios using the Representative Concentration Pathway ("**RCP**") adopted by the Intergovernmental Panel on Climate Change ("**IPCC**").

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with Paris Agreement to limit global warming to below 2°C by year 2100 as a result of efficiency enhancements and behaviour changes as key mitigation strategy
IPCC RCP 8.5/4°C	The "business-as-usual" scenario assumes that emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce emissions

We selected 1.5°C and > 4 °C warming scenarios for the purpose of our inaugural qualitative climate scenario analysis. The impact of the climate-related risks is analysed on group-wide activities in the short-term (before FY2025), medium-term (FY2025 – FY2035) and long-term (after FY2035) with details as follows:

Warming scenario 1: 1.5°C warming (RCP 2.6)

	Potential impact magnitude		
Risk	**Short-term**	**Medium-term**	**Long-term**
Key transition risk identified			
Shifting consumer preferences for environmentally friendly products	🟢	🟠	🟠
Mandates on and regulations of products and services	🟢	🟠	🟠
Enhanced emissions-reporting obligations	🟢	🟠	🟠
Key physical risk identified			
Increased severity of extreme weather events	🟢	🟢	🟢

Warming scenario 2: > 4°C warming (RCP 8.5)

	Potential impact magnitude		
Risk	**Short-term**	**Medium-term**	**Long-term**
Key transition risk identified			
Shifting consumer preferences for environmentally friendly products	NA[21]	NA[21]	🟢
Mandates on and regulations of products and services	NA[21]	NA[21]	🟢
Enhanced emissions-reporting obligations	NA[21]	NA[21]	🟢
Key physical risk identified			
Increased severity of extreme weather events	NA[21]	NA[21]	🔴

Legend

🟢 Minor 🟠 Moderate 🔴 Major

[21] Not applicable as this scenario is unlikely in the short and medium-term.

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

Strategy

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

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

Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario > 4°C warming) may result in a severe financial impact in the long-term. Under the warming scenario 1.5, the vast majority of the impact will be attributable to transition risks from the shifting consumer preferences for environmentally friendly products, enhanced emissions-reporting obligations and mandates on and regulations of products and services. To address the risks and capitalise on opportunities associated with climate change, we will continuously build on our strategy to remain resilient as we progress in our sustainability journey.

Risk Management

a. **Describe the organisation's processes for identifying and assessing climate-related risks.**

b. **Describe the organisation's processes for managing climate-related risks.**

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

The Group's climate-related risks and opportunities are identified and assessed during the climate-related risk assessment exercise.

Under the assessment, business units and support functions are responsible for identifying and documenting their relevant risk exposures that might hinder their progress towards contributing to the Group's business objectives. We will integrate the climate-related risks into our risk management framework in the future.

Metrics and Targets

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

The Group monitors, measures and reports its environmental performance such as energy consumption and GHG emissions, water consumption and waste generation in its sustainability reports. Monitoring and reporting these data and metrics enable the Group to identify areas of material climate-related risks and be more focused in its efforts.

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

To support the climate change agenda, we disclose our Scope 1, Scope 2 and selected Scope 3 GHG emissions in this Report and set climate-related targets such as those related to energy and GHG emissions. We will continue to monitor our emissions and expand the disclosure of our Scope 3 GHG emissions wherever applicable and practicable.

Our disclosure on indirect Scope 3 emissions includes purchased goods and services (category 1), business travel (category 6), employee commuting (category 7) and use of sold products (category 11) in FY2023.

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

As a commitment towards mitigating climate change, we have set climate-related targets related to energy consumption and GHG emissions. For further details, please refer to page 42.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Natural Cool Holdings Limited has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI STANDARD	DISCLOSURE	LOCATION AND OMISSIONS
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organisational details	Pages 16, 107, 130 - 131, 166 - 167
	2-2 Entities included in the organisation's sustainability reporting	Page 18
	2-3 Reporting period, frequency and contact point	Pages 16, 18
	2-4 Restatements of information	Page 18
	2-5 External assurance	Page 18
	2-6 Activities, value chain and other business relationships	Pages 19 - 20
	2-7 Employees	Page 35
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	Pages 15, 21 - 22
	2-10 Nomination and selection of the highest governance body	Pages 21 - 22, 63 - 66
	2-11 Chair of the highest governance body	Pages 21 - 22, 62 - 63
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 21 - 22
	2-13 Delegation of responsibility for managing impacts	Pages 21 - 22
	2-14 Role of the highest governance body in sustainability reporting	Pages 21 - 22
	2-15 Conflicts of interest	Page 54
	2-16 Communication of critical concerns	Pages 41, 78
	2-17 Collective knowledge of the highest governance body	Pages 21, 54 - 55

GRI STANDARD	DISCLOSURE	LOCATION
General Disclosures		
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	Pages 67 - 68
	2-19 Remuneration policies	Pages 68 - 71
	2-20 Process to determine remuneration	Pages 68 - 71
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	Pages 2, 16
	2-23 Policy commitments	Pages 41 - 42, 44 - 48
	2-24 Embedding policy commitments	Pages 41 - 42
	2-25 Processes to remediate negative impacts	Pages 41, 78
	2-26 Mechanisms for seeking advice and raising concerns	Pages 41, 78
	2-27 Compliance with laws and regulations	Page 42
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	Pages 23 - 24
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	LOCATION
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pages 24 - 25
	3-2 List of material topics	Page 25
Sustainable Business Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 28
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 28
	201-2 Financial implications and other risks and opportunities due to climate change	Pages 46 - 47
	201-3 Defined benefit plan obligations and other retirement plans	Page 158
	201-4 Financial assistance received from government	Page 157
Corporate Governance and Code of Ethics		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 41 - 42
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 74
	205-2 Communication and training about anti-corruption policies and procedures	Page 41
	205-3 Confirmed incidents of corruption and actions taken	Page 42
Energy Conservation and GHG Emissions Reduction		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 29 - 33
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Page 32
	302-2 Energy consumption outside of the organisation	Page 33
	302-3 Energy intensity	Page 32
	302-4 Reduction of energy consumption	Page 31
	302-5 Reductions in energy requirements of products and services	Page 32
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 32
	305-2 Energy indirect (Scope 2) GHG emissions	Page 32
	305-3 Other indirect (Scope 3) GHG emissions	Page 33
	305-4 GHG emissions intensity	Page 32
	305-5 Reduction of GHG emissions	Page 31
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Pages 29 - 33
Water Conservation		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 34
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 34
	303-2 Management of water discharge-related impacts	Disclosure is not applicable as we do not discharge wastewater in our operations.
	303-3 Water withdrawal	Page 34
	303-4 Water discharge	Disclosure is not applicable as we do not discharge wastewater in our operations.
	303-5 Water consumption	Page 34
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Page 34

GRI STANDARD	DISCLOSURE	LOCATION
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 33 - 34
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 33
	306-2 Management of significant waste-related impacts	Pages 33 - 34
	306-3 Waste generated	Page 34
	306-4 Waste diverted from disposal	Page 34
	306-5 Waste directed to disposal	Moving forward, we plan to develop a tracking mechanism and report on our waste directed to disposal wherever practicable.
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Pages 33 - 34
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 35 - 37
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Pages 36 - 37
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 35
	401-3 Parental leave	Page 37
GRI 403: Occupational Health and Safety 2018	403-3 Occupational health services	Page 35
	403-6 Promotion of worker health	Page 35
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 35 - 36
	405-2 Ratio of basic salary and remuneration of women to men	Information is not provided due to confidentiality constraints.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Page 35
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 39
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 39
	403-2 Hazard identification, risk assessment, and incident investigation	Page 39
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 39
	403-5 Worker training on occupational health and safety	Page 39
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 39
	403-8 Workers covered by an occupational health and safety management system	Page 39
	403-9 Work-related injuries	Page 39
	403-10 Work-related ill health	Page 39

GRI STANDARD	DISCLOSURE	LOCATION
Employee Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	Pages 38 - 39
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 38
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 38
	404-3 Percentage of employees receiving regular performance and career development reviews	We are currently looking to enhance our performance and career development reviews.
Ongoing Community Engagement		
GRI 3: Material Topics 2021	3-3 Management of material topics	Page 40
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 40

CORPORATE GOVERNANCE REPORT

BOARD MATTERS

The Board of Directors (the "**Board**") of Natural Cool Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance. The Company's corporate governance processes and systems ensure greater accountability, transparency and sustainability, in an effort to boost investor confidence and achieve long-term sustainable business performance.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2023 ("**FY2023**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code 2018**") issued on 6 August 2018.

The Board is pleased to confirm that the Company has generally adhered to the framework as outlined in the Code 2018 and deviations from any provision of the Code 2018 and/or the provision are explained in this report.

Principle 1: The Board's Conduct of Affairs

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

Provision 1.1: 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.

In FY2023, and as at the date of this Annual Report, the Board comprises five (5) Directors, three (3) of whom are independent. The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The Board is accountable to shareholders for providing leadership and supervision to the Management while Management is accountable to the Board for the performance of the Group in order to protect and enhance long-term value and return for its shareholders. The Board also sets the appropriate tone-from-the-top for the Group in respect of values, ethical business practices and organisational cultures.

The primary functions of the Board, apart from its statutory duties, include:

(a) protect and enhance long-term shareholder value;

(b) review Management's performance;

(c) identify key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(d) set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met;

(e) develops the overall strategy for the Group and supervises its Management;

(f) providing leadership, developing its strategic direction, establishing risk policy and goals for the Management as well as monitoring the achievement of these goals; and

(g) consider issues relating to sustainability, and monitoring and assessing sustainability related risks and opportunity and if appropriate, recommend the integration of sustainability-related matters in the Group's strategy.

The Board and Management are committed to conducting business with integrity and business ethics, in compliance with all applicable laws and regulatory requirements. The Company has established corporate policies to provide a communicable and understandable framework for employees to observe the Company's principles on honesty, integrity, responsibility and accountability at all levels of the Group.

The Board has the appropriate core competencies and diversity of experience to enable them to contribute effectively. They are able to objectively raise issues and seek clarification as and when necessary, from the Board and the Management on matters pertaining to their area of responsibilities and actively help the Management in the development of strategic proposals and oversee the effective implementation by Management to achieve the objectives set. All Directors are expected to exercise due diligence and independent judgement 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.

The Board adopted a Code of Conduct for the Group which establishes the fundamental principles of professional and ethical conduct expected of the Group in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. Every Director is required to promptly disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his/her knowledge. On an annual basis, every Director is also required to submit details of his/her associates for the purpose of monitoring interested persons transactions. When an actual, potential or perceived conflict of interest arises in relation to any matters, the concerned employee/Director should immediately declare his/her interest when the conflict-related matter is discussed. Unless the Board is of opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion, the concerned employee/Director must recuse himself or herself from discussions and decisions involving the matter and abstain from voting on resolutions regarding the matter.

As at the date of this Annual Report, the Board comprises the following members:

Name of Director		Designation
1.	Choy Bing Choong[1] ("**Mr Choy**")	Executive Chairman
2.	Tsng Joo Peng ("**Mr Tsng**")	Executive Director and Group Chief Executive Officer
3.	Tran Phuoc (Lucas)[2] ("**Mr Tran**")	Lead Independent Non-Executive Director
4.	Lau Lee Hua ("**Ms Lau**")	Independent Non-Executive Director
5.	Tan Siew Bin Ronnie ("**Mr Tan**")	Independent Non-Executive Director

Notes:–

(1) Mr Choy was redesignated as Executive Chairman with effect from 11 August 2023.

(2) Mr Tran was redesignated as Lead Independent Non-Executive Director with effect from 11 August 2023.

Provision 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.

Directors understand the Company's business as well as their directorship duties and have appropriate experience and expertise to manage the Group's business.

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's structure, business and governance policies as well as the expected duties of a Director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel.

For a first-time director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he or she will be required to also attend certain specific modules of the Listed Entity Director ("**LED**") Programme conducted by the Singapore Institute of Directors ("**SID**") or Board of Directors (BOD) Masterclass Programme by Institute of Singapore Chartered Accountants ("**ISCA**") and SAC Capital in order to acquire relevant knowledge of what is expected of a listed company director, this being a mandatory requirement under the Catalist Rules of the SGX-ST (the "**Mandatory Training**"). Completion of the LED Programme, which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first-time director with a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act 1967, the Catalist Rules of the SGX-ST and the Code 2018. A first-time director does not need to attend the Mandatory Training if the Nominating Committee, in assessing the relevant experience of the director, is satisfied that he/she possesses relevant experience comparable to that of a person who has served as a director of an issuer listed on SGX-ST. Where such an assessment is made by the Nominating Committee, the reasons are disclosed in the announcement made on the appointment of the director. As at the date of this Annual Report, Mr Tran has completed his Mandatory Training.

Pursuant to Rule 720(6) of the Catalist Rules of the SGX-ST, all Directors had undergone the required training on sustainability matters as prescribed by the SGX-ST.

Every newly-appointed Director will be furnished a formal letter setting out the roles, duties, obligations and responsibilities as a member of the Board. A copy of the respective terms of reference will also be provided to Directors who are appointed to the Board Committees. Pursuant to Rule 406(3)(a) of the Catalist Rules, the Company will arrange prescribed trainings for newly appointed Director who has no prior experience as a director of a listed company in Singapore.

The Board as a whole is updated regularly 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 specific knowledge so as to enable them to properly discharge their duties as Board or Board Committee members. Our Independent Directors are also engaged full-time in their respective profession, keeping them updated in their fields of knowledge.

Briefings, updates and trainings for the Directors in FY2023 and up to the date of Annual Report includes:

- the external auditors had briefed the Audit and Risk Committee ("**ARC**") on new and amendments to the financial reporting standards during ARC meetings;
- the company secretary had briefed the Board on updates on relevant regulations issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**");
- the Group Chief Executive Officer ("**CEO**") updated the Board at each board meeting on business and strategic developments of the Group;
- Audit Committee Seminar 2024 conducted by Singapore Institute of Directors ("**SID**");
- Listed Entity Director Essentials conducted by SID;
- SIAS Corporate Governance Week 2023 organised by Securities Investors Association (Singapore);
- Asean Conference 2023 organised by Singapore Business Federation;
- INSEAD Coaching Certificate – Module 1 conducted by INSEAD

During FY2023, the Board has received appropriate trainings to discharge their duties. All Directors are encouraged to constantly keep abreast of the developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in the relevant training courses, seminars and workshops. In order to keep pace with such regulatory changes, the changes to regulations and accounting standards are monitored closely by the Management and the Company is responsible for arranging and funding the trainings of Directors.

Pursuant to Rule 720(6) of the Catalist Rules of the SGX-ST, all Directors had undergone the required training on sustainability matters as prescribed by the SGX-ST.

Provision 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 Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to make objective decisions in the interests of the Group.

Management is fully apprised in writing of such matters which require the approval of the Board or the Committees. Specifically, matters that require the Board's approval include, amongst others, the following:

- approval of the Group's strategic objectives;
- approval of the annual operating and capital expenditure budgets and any material changes to it;
- changes relating to the Group's capital structure including reduction of capital, share issuance and share buybacks;
- major changes to the Group's corporate structure, including but not limited to acquisitions and disposals;
- significant changes to the Group's Management and control structure;
- approval of the half-yearly/full-year's results announcements; annual reports and accounts, including the corporate governance report;
- approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend;
- approval of any significant changes in accounting policies or practices;
- approval of major capital projects;
- significant contracts regarding acquisitions or disposals of fixed assets (including intangible assets such as intellectual property) and substantial bank borrowings;
- approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting including approval of all circulars and prospectuses;
- approval of press releases concerning matters decided by the Board;
- approval of policies, including code of conduct, share dealing code, whistle-blowing policy, environment and sustainability policy and corporate social responsibility policy; and
- any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.

Provision 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.

Board Committees, namely the Audit and Risk Committee (the "**ARC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") have been established to assist the Board. Each Board Committee has its own term of reference setting out the composition, authorities, and duties, which are approved by the Board. All Board Committees are chaired by an Independent Director. While these Board Committees are delegated with certain responsibilities, the responsibilities for decisions relating to matters under the purview of the Board Committees, ultimately lie with the entire Board. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group. The minutes of all Board Committees meetings, which provide a fair and accurate record of the discussion and key deliberations and decisions taken during the meetings, are circulated to the Board and Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections of this Annual Report.

As at the date of this Annual Report, the compositions of the Board Committees are as follows:

	ARC(1)	**NC**(2)	**RC**(3)
Chairman	Tran Phuoc (Lucas)(4)	Tan Siew Bin Ronnie	Lau Lee Hua(5)
Member	Lau Lee Hua(5)	Lau Lee Hua(5)	Tan Siew Bin Ronnie
Member	Tan Siew Bin Ronnie	Tran Phuoc (Lucas)(4)	Tran Phuoc (Lucas)(4)

Notes:–

(1) The ARC comprises 3 members, all of whom, including the Chairman, are independent.

(2) The NC comprises 3 members, all of whom, including the Chairman, are independent.

(3) The RC comprises 3 members, all of whom, including the Chairman, are independent.

(4) Mr Tran was redesignated as Lead Independent Non-Executive Director and the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committees with effect from 11 August 2023.

(5) Ms Lau was redesignated as the Chairman of the Remuneration Committee and a member of the Audit and Risk and Nominating Committees with effect from 11 August 2023.

Provision 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 on a half-yearly basis and as and when circumstances require. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company. Information and assessment on Directors who have multiple board representations and other principal commitments can be found under Principal 4 of this Annual Report. The number of the Board and Board Committee meetings held and the attendance of each new Board member in FY2023 are as follows:

	Board	**ARC**	**NC**	**RC**
Number of Meetings Held	2	3	1	2
Name of Director	**Number of Meetings Attended**			
Choy Bing Choong(1)	2	2*	1*	1*
Tsng Joo Peng	2	2*	1*	1*
Tran Phuoc (Lucas)(2)	2	3	1	2
Lau Lee Hua(3)	2	3	1	2
Tan Siew Bin Ronnie	2	2	1	2

Notes:–

* By Invitation

(1) Mr Choy was redesignated as Executive Chairman with effect from 11 August 2023.

(2) Mr Tran was redesignated as Lead Independent Non-Executive Director and the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committees with effect from 11 August 2023.

(3) Ms Lau was redesignated as the Chairman of the Remuneration Committee and a member of the Audit and Risk and Nominating Committees with effect from 11 August 2023.

The Company's Constitution allows for meetings to be held through audio visual communication equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means whereby all persons participating in the meetings are able to communicate as a Group, and such meeting shall be deemed to take place where the majority of Directors present is assembled. The Board and Board Committees may also make decisions by way of passing resolutions in writing in accordance with the Company's Constitution.

If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/she will review them and advise the Executive Chairman or the Board Committee of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Provision 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.

It is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects.

The Management supports the Board and Board Committees by providing complete and adequate information of the Group, including but not limited to operational and financial performance of the Group, which aids the Directors in identifying challenges and opportunities for the Group.

The Management recognises the importance of circulating information on a timely basis to ensure that the Board and Board Committees have adequate time to review the meeting materials to facilitate constructive and effective discussions during the scheduled meetings.

The Management further endeavours to circulate information for the Board and/or Board Committee meetings at least five days prior to these meetings to allow sufficient time for the Directors' review. However, sensitive matters may be tabled at the meeting itself or discussed without any paper being distributed. Employees, who can provide additional insight into matters to be discussed, are also invited to be present during the relevant discussions. From time to time, the Board requests for additional information to be reported in the board papers in response to new regulations or to assist them in decision making.

Key management personnel will also provide any additional material(s) or information that are requested by Directors or that is necessary to enable the Board and/or Board Committees to make a balanced and informed assessment of the Group's performance, position and prospects.

The types of information which are provided by Management to the Directors are set out in the table below:

	Information	**Frequency**
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly
2.	Updates to the Group's operations and the markets in which the Group operates in	Half-yearly
3.	Management accounts (with financial ratios analysis)	Half-yearly
4.	Reports on on-going or planned corporate actions	Ad-hoc
5.	Enterprise risk framework and assessment	Bi-yearly
6.	Financial results announcements	Half-yearly
7.	Shareholding statistics	Yearly

Provision 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 as a whole.

The Board has separate and independent access to the Management team, the company secretary, and external advisers (where necessary) at all times through email, telephone and face-to-face meetings.

The Group practices open communication where the Board and Board Committees have access to independent professional advice as and when required, at the expense of the Company.

The key roles of the company secretary are as follows:

- assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committee meetings;

- administers and attends all Board and Board Committee meetings of the Company and prepares minutes of meetings;

- ensures that Board procedures are observed and that relevant rules and regulations, including requirements of the Company's Constitution, Singapore Companies Act 1967, Securities and Futures Act 2001 of Singapore and the SGX-ST Listing Manual Section B: Rules of Catalist of Singapore (the "**Catalist Rules**") are complied with; and

- advises the Board on all governance matters as well as facilitating orientation and assisting with professional developments as directed by the Chairman.

The appointment and removal of the company secretary is subject to the approval of the Board.

Principle 2: Board Composition and Guidance

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

Provision 2.1: 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.

Provision 2.2: Independent Directors make up a majority of the Board where the Chairman is not Independent.

Provision 2.3: Non-Executive Directors make up a majority of the Board.

As at the date of this Annual Report, the Company is in compliance with Provisions 2.1, 2.2 and 2.3 of the Code 2018.

The Board comprises five (5) members, out of which two (2) are Executive Directors and three (3) are Independent Non-Executive Directors. The Company maintains an appropriate level of independent element on the Board with the Independent Directors constituting more than half of the Board.

The Board assesses the independence of each Director in accordance with the guidance provided in the Code 2018 as well as Rule 406(3)(d) of the Catalist Rules. 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 his/her independent business judgement in the best interests of the Company.

On an annual basis, each Independent Director is required to complete a "Confirmation of Independence" form to confirm his/her independence. The said form was drawn up based on the definitions and provisions set forth in the Code 2018. The Directors are required to disclose to the Board any such relationship as and when it arises, and the Board will deliberate and state the reasons if it determines that such a director is independent notwithstanding the existence of a relationship or circumstances which may appear relevant to the Board's determination.

The NC also examined the different relationships identified by the Code 2018 that might impair each Independent Director's independence and objectivity, and concluded that all the Independent Directors are able to exercise independent business judgement in the best interests of the Company and its shareholders.

The Independent Directors have confirmed their independence in accordance with the Code 2018 and Rule 406(3)(d) of the Catalist Rules and noted that none of the Independent Directors has any relationship with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgement. The Executive Chairman and Group CEO are also not immediate family members. There is currently no Independent Director who has served on the Board for more than nine years.

The Board believes there is a strong element of independence and that no individual or small group of individuals dominates the Board's decision making. The Board exercises independent judgement on corporate affairs and provides Management with a diverse, professional and objective perspective on issues.

Non-Executive Directors, whom currently are all independent, constructively challenge and help develop the Group's proposals on business strategies. Management's process in implementing the agreed business strategies are monitored by the Non-Executive Directors through regular updates by the Management via emails as well as at the Board and Board Committee meetings.

Provision 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 Board is of the opinion that it would be most effective to draw on the wealth of experience from the longer serving Directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required.

The Board would conduct regular reviews on its existing Board members' competencies, which includes considering factors such as the expertise, skills and experience, so as to ensure that the Board dynamics remain optimal to meet ongoing challenges in the industry and in key countries such as Singapore and Malaysia which the Group operates in.

The Board's policy in identifying Director nominations, is primarily to have an appropriate mix of members with complementary skills, gender, core competencies and experience for the Group.

The following table shows the diversity of skills, experience and knowledge possessed by the current Board members:

Core Competencies

	Number of Directors	Proportion of Board %
Accounting or finance	3	60
Business management	5	100
Legal or corporate governance	5	100
Relevant industry knowledge or experience	2	40
Strategic planning experience	5	100
Customer based experience or knowledge of the Group	2	40

The Board has taken the following steps to maintain or enhance its balance and diversity:

- annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and to enhance the efficacy of the Board; and

- annual evaluation of the skill sets of each Director, with a view to understand the type of expertise which is lacking in the Board.

The NC will consider the results of these reviews in its recommendation for the appointment of new Directors, re-election and/or the re-appointment of incumbent Directors.

The key information of the Directors, including academic and professional qualifications, appointment dates and present directorships, are set out on pages 11 to 12 of this Annual Report.

Under the Board Diversity Policy, the NC is responsible for reviewing and assessing the composition of the Board and making recommendations to the Board on the appointment of new Directors. To achieve an optimum balanced composition of the Board, the NC will consider candidates based on merit, board diversity (in terms of gender, age and ethnicity), and the nature and scope of the Company's operation and business requirements.

The current Board composition reflects the Company's commitment to Board diversity, especially in terms of female representation (20%), diverse age range (55 to 65 years old). The NC will continue to review the Board Diversity Policy to ensure its effectiveness and will recommend appropriate revisions to the Board for consideration and approval.

The Company prioritises diversity in experience, encompassing professional, industry, cultural, and social backgrounds. In considering the composition of the Board, the Company will ensure that a minimum of two (2) directors including the ARC Chairman, have recent and relevant accounting or related financial management expertise or experience. These numbers have been determined, after taking into consideration various aspects of the Company, including the size of the Company, the scope and complexity of the Group's operations, as well as the forthcoming needs of the Company. Accordingly, the Board has assessed the composition of the Directors and determined that each of Ms Lau, Mr Tran and Mr Choy possess recent and relevant accounting or related financial management expertise or experience.

The NC and the Board are of the view that the aims and targets of the Company towards achieving Board diversity have currently been met and sufficiently addressed, after taking into consideration the aforementioned, and having considered the existing needs, direction and overall strategy of the Company. The NC and the Board recognises that Board diversity matters are an ongoing process, and the Company will continuously monitor its diversity initiatives to ensure that it maintains its commitment to promote Board diversity.

The NC and the Board are cognisant of the guidance provided in Provision 2.4 and Practice Guidance 2 of the Code 2018 and believe that the practices implemented by the Company align with the principles outlined in Principle 2 of the Code 2018.

Any updates or progress made towards implementing the Board Diversity Policy will be disclosed in the Corporate Governance Report, as appropriate.

Provision 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.

Whilst all the Directors share an equal responsibility for the Company's operations, the role of the Independent Directors is crucial in helping to develop proposals on the Company's strategies and to ensure that the strategies proposed by the Management are constructively challenged, fully discussed and rigorously examined. The Independent Directors are also responsible for reviewing the performance of the Management, the agreed goals and objectives and monitoring the reporting of performance. The Independent Directors have met up informally at least once in the absence of other Directors and the Management in FY2023. The Independent Directors discuss matters of significance and will provide feedback to the Board and Chairman after such meetings as appropriate.

Principle 3: Chairman and CEO

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

Provision 3.1: 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.

Provision 3.2: The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The roles of the Executive Chairman and Group CEO are separate to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making. There is no familial relationship between the Executive Chairman, Mr Choy, and the Group CEO, Mr Tsng.

The Executive Chairman of the Board, Mr Choy is responsible for formulating the Group's business strategies and plans, overseeing investor relations, regulatory and compliance function and leading new business initiatives. He leads the Board to ensure effectiveness on all aspects of its role. With assistance from the company secretary, he sets the meeting agenda and ensures that the Directors are provided with complete, adequate and timely information. Board papers are sent to the Directors at least five days in advance in order for Directors to be adequately prepared for the meetings. He ensures effective communication with shareholders and encourages constructive relations within the Board and between the Board and Management by promoting a culture of transparency and openness. Key personnel who can provide additional insight into matters to be discussed at the Board and/or Board Committee meetings are invited to carry out presentations or attend the Board and/or Board Committee meetings at the relevant time. He also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance within the Group.

Mr Tsng, as Group CEO, bears the responsibilities for executing the Group's business strategies, reviewing the Group's business performance as well as running the daily operations of the Group's business.

Provision 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.

Mr Choy was redesignated as Executive Chairman of the Company with effect from 11 August 2023, and concurrently, the Board has also nominated Mr Tran as the Lead Independent Director on the same day. Mr Tran will be able to provide direction and leadership in situation where the Executive Chairman is conflicted and not independent. As the Lead Independent Director, he shall be available to the shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management may be inappropriate or inadequate, as well as at the Company's general meetings.

Principle 4: Board Membership

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.

Provision 4.1: The Board establishes a Nominating Committee 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;

(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).

Provision 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.

The NC comprises three (3) Independent Directors, namely Mr Tan, Ms Lau and Mr Tran. The Chairman of the NC is Mr Tan.

The responsibilities of the NC include making recommendations to the Board on succession planning; the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors; training and professional development programmes for the Board and its Directors; and all appointments, re-election and/or re-appointments of Directors.

The NC is guided by key terms of reference as follows:

(a) evaluate and review nominations for appointment and re-appointment to the Board and the various Board Committees;

(b) nominate Director(s) for re-election at the Annual General Meeting ("**AGM**"), having regard to the Directors' contribution and performance, taking into consideration the composition of the Board and progressive renewal of the Board, how the Director fits into the overall competency matrix of the Board, as well as the Directors' contribution and performance at Board and/or Board Committee meetings, including attendance, preparedness and participation at the Board and/or Board Committee meetings;

(c) determine annually whether or not a Director is independent as set out in the Code 2018;

(d) recommend to the Board the process of evaluating the performance of the Board, the Board Committees and individual Directors and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director and annual assessment of the effectiveness of the Board;

(e) decide whether a Director who has multiple board representations is able to and has been adequately carrying out his/her duties as a Director of the Company;

(f) review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman and, the Group CEO) and senior management personnel;

(g) review of training and professional development programmes for the Board;

(h) implement and monitor the Board Diversity Policy and review and make recommendations to the Board on the diversity of skills, gender, core competencies, experiences, size and composition of the Board.

Provision 4.3: The company discloses the process for the selection, appointment and re-appointment 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.

The Board assesses and evaluates whether new and/or retiring Directors to be re-appointed are properly qualified for appointment by virtue of their skills, experience, and contributions, in line with the following process:

Process for the Selection and Appointment of New Directors		
1.	Determination of selection criteria	The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board.
2.	Search for suitable candidates	The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary.
3.	Assessment of shortlisted candidates	The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of Director	The NC would recommend the selected candidate to the Board for consideration and approval.
Process for the Re-electing Incumbent Directors		
1.	Assessment of Director	The NC reviews and ensures that the Director to be re-nominated or re-appointed is able to contribute to the on-going effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.
2.	Re-appointment of Director	Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. Each NC member shall abstain from voting on any resolutions in respect of his/her re-nomination and re-election. The Directors to be re-elected and re-appointed at the forthcoming AGM has been listed hereunder.

Pursuant to Regulation 90 of the Company's Constitution, at least one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one-third) with a minimum of one, shall retire from office by rotation at each AGM of the Company and all Directors shall retire from office once every three years.

The Regulation 89 of the Company's Constitution further provides that, the Company may by Ordinary Resolution appoint any person to be a director either to fill a casual vacancy or as an additional director. Without prejudice thereto the Director shall have power at any time to do so, but so that the total number of Directors shall not hereby exceed the maximum number (if any) fixed by or in accordance with these Regulations. Any person so appointed by the Directors shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation as such meeting.

The Company's Constitution further states that a retiring Director shall be eligible for re-election at the AGM of the Company.

The NC has reviewed and considered the Director's integrity, independence, character, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors determined by the NC. The NC has recommended the re-nomination and re-election of Mr Tan and Mr Choy who will be retiring as Directors at the forthcoming AGM pursuant to Regulations 90 of the Company's Constitution.

The two Directors have also offered themselves for re-election and the Board has accepted the recommendation of the NC.

Mr Tan will upon re-election as a Director of the Company, remain as an Independent Director, Chairman of NC, and a member of ARC and RC. The Board considers Mr Tan to be independent in accordance with Provision 2.1 of the Code 2018 as well as for the purposes of Rule 704(7) of the Catalist Rules.

Mr Choy will upon re-election as a Director of the Company, remain as an Executive Chairman.

The information as required under Rule 720(5) of the Catalist Rules relating to Mr Tan and Mr Choy who will be retiring at the forthcoming AGM have been listed under pages 86 to 91 of this Annual Report.

Alternate Directors will be appointed as and when the Board deems necessary. Circumstances which warrant such appointments may include health, age-related concerns as well as Management's succession plans.

As of the date of this Annual Report, the Company does not have any alternate Directors.

Provision 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.

As described under Principle 2 of this Annual Report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to complete a checklist to confirm his independence. Further, an Independent Director shall immediately disclose to the NC any relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of his or her independent business judgement in the best interests of the Company. The NC is of the view that the Independent Directors are independent. As at the date of this Annual Report, there is no relationship or circumstance set forth in Provision 2.1 of the Code 2018 and Rule 406(3)(d) of the Catalist Rules which put the independence of the Independent Directors in question.

Provision 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 ensure that new Directors are aware of their duties and obligations. 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 is of the view that Directors who serve on multiple boards are able to devote sufficient time and attention to the Company's affairs in light of other commitments held by them, and that the maximum number of listed company board representations which any Director may hold be not more than six (6) other listed company board representation. A Director who holds more than six board representations should be rigorously assessed by the Board to ensure that sufficient time and attention is given to the affairs of each company and he/she is able to and has been adequately carrying his/her duties as a Director of the Company.

In particular, the NC reviewed the Directors' time commitments in FY2023, and the NC and the Board noted that, Directors with other listed company board representations and/or other principal commitments were able to carry out and had been adequately carrying out, their duties as Directors of the Company. Board members are able to commit their time and attention to the affairs of the Company. The NC and the Board believe that each individual Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his/her duties and responsibilities as a Director of the Company, bearing in mind his/her other commitments. Please refer to the "Board of Directors" section in this Annual Report for information of the listed company directorships and principal commitments of each Director.

The considerations in assessing the adequacy of the Directors' commitments include the following:

- expected and/or competing time commitments of Directors;
- geographical location of Directors;
- size and composition of the Board; and
- nature and scope of the Group's operations and size.

The measurement and evaluation tools put in place to assess the performance time commitments of the Directors include the following:

- declarations by individual Directors of board directorships and principal commitments in other company(ies);
- annual confirmations by each Director on his/her ability to devote sufficient time and attention to the Company's affairs, having regard to his/her other commitments; and
- assessment of the individual Directors' performance based on the criteria as set out in the table under Provision 5.2. of this Annual Report.

The NC has reviewed and is of the view that each of the Directors have given sufficient time and attention to the Company's affairs and is satisfied that all Directors have discharged their duties adequately in FY2023.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

Provision 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.

Provision 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.

The following table sets out the performance assessment criteria as recommended by the NC and approved by the Board, to be relied upon on an annual basis to assess the effectiveness of the Board as a whole and of each Board Committee separately, as well as the contribution by the Chairman and each Director to the Board effectiveness.

Each Director completes a board assessment questionnaire as well as peer assessment questionnaire and returns it to company secretary for compilation of the average scores. The compiled responses are presented to the NC for review, following which the NC will recommend to the Board and its Board Committees key areas for improvement and follow-up actions.

Performance Criteria	Board and Board Committees	Individual Directors
Qualitative	1. Size and composition 2. Board processes and conduct of meetings 3. Access to information 4. Board processes 5. Group CEO and succession planning 6. Board accountability 7. Risk management and internal control 8. Remuneration 9. Financial Reporting 10. Communication with shareholders 11. Standard of conduct	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness
Quantitative	Measuring and monitoring performance	Attendance at Board and Board Committee meetings

The NC would review the criteria on a periodic basis to ensure that the criteria is able to provide an accurate and effective performance assessment taking into consideration industry standards and the economic climate with the objective to enhance long-term shareholders' value and thereafter, to propose amendments, if any, to the Board for approval.

For FY2023, the NC is of the view that the Board and Board Committees have fared well against the performance criteria and the NC is satisfied with the performance of the Board and Board Committees. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that a Director may had multiple board representations. No external facilitator was used in the evaluation process for FY2023.

The review of the performance of each Director is conducted annually in accordance with the performance criteria as set out in the table under Provision 5.2. The last Board of Directors' evaluation was conducted in February 2024 and the results have been presented to the NC for discussion. The performance of each Director will be taken into account during re-nomination and re-election.

For FY2023, the NC is of the view that the performance of each individual Director is satisfactory.

In line with the Company's values to develop its staff to their fullest potential, the Group is rolling out a leadership development scheme to groom future leaders of the Group. This initiative is driven by several strategic imperative, including succession planning purposes, talent discovery and retention purposes as well as to foster a culture of innovation and adaptability that will lead the Group to greater heights.

The NC has full authority to engage external facilitators to assist the NC to carry out the evaluation process, if the need arises.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of assessment of his/her own performance or re-nomination as Director.

Principle 6: Procedures for Developing Remuneration Policies

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.

Provision 6.1: The Board establishes a Remuneration Committee 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.

Provision 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.

The RC comprises three (3) Independent Directors, namely Ms Lau, Mr Tan, and Mr Tran. The Chairman of the RC is Ms Lau.

The RC's primary function is to develop a formal and transparent policies for remuneration of the Board, key management personnel and employees who are related to the controlling shareholders, Directors and Group CEO. The RC also reviews and ensures that the Company's remuneration system is appropriate to attract, retain and motivate the required talent to run the Company successfully. The overriding principle is that no Director should be involved in deciding his/her own remuneration.

The RC is guided by key terms of reference as follows:

- reviews and recommends to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director (executive and independent) as well as for the key management personnel;

- ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel; and

- reviews the performance of the Group's key management personnel taking into consideration the Group CEO's assessment and recommendation for remuneration and bonus.

Provision 6.3: The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.

The remuneration received by the Executive Directors and key management personnel takes into consideration his/her individual performance and contribution towards the overall performance of the Group for FY2023. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of base salary, fixed allowance and where applicable annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

The following performance evaluation criteria are set for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders:

Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the employee share option scheme)
Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors	1. Leadership 2. People development 3. Commitment 4. Teamwork 5. Current market and industry practices 6. Macro-economic factors
Quantitative	PBT* of at least S$3.5 million	Relative financial performance of the Group over a 5-years period to its industry peers.

* PBT means the Group's audited consolidated profit before tax before payment of any bonus. This criteria is pursuant to the service agreements signed between the Executive Directors and the Company and excluding any gains earned from extraordinary and exceptional items.

The RC has reviewed and is satisfied that, save for the quantitative performance condition for PBT of at least S$3.5 million, the performance evaluation criteria were met by the Executive Directors and key management personnel for FY2023.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All respects of the remuneration framework, including but not limited to Directors' fees, salaries, allowances, bonuses, the awards to be granted under the performance share plan, options to be issued under the employee share option scheme, termination terms as well as other benefits-in-kinds are reviewed by the RC and ensure they are fair. The recommendations of the RC are recommended to the Board for approval. The procedure is reviewed periodically to ensure they remain competitive and relevant.

The remuneration of employees who have any familial relationships with the Directors, key management personnel, Group CEO and controlling shareholders, will also be reviewed annually by the RC to ensure that their remuneration packages are in line with the employees' remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee(s) under review, he/she will abstain from participating in the review, discussion and approval.

The framework for Non-Executive Directors and Board Committees' fees (per annum basis unless otherwise indicated) are as follows:

Role	Member	Chairman
Board of Directors	S$25,000	Additional S$10,000
Audit and Risk Committee	S$10,000	Additional S$10,000
Remuneration Committee	S$5,000	Additional S$5,000
Nominating Committee	S$5,000	Additional S$5,000

The Executive Directors and key management personnel each have an employment contract with the Company which can be terminated by the Company without prejudice to and in addition to any other remedy by giving not less than three (3) months' notice of termination and vice versa. The appointments of Executive Directors do not have onerous removal clauses contained in their respective employment contracts and will be reviewed to reflect their strategic importance to the Group.

Provision 6.4: The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.

In FY2023, the Company engaged an independent remuneration consultant firm, Management Resources Consultants (S) Pte. Ltd. ("**MRC**"), to assist the RC in reviewing the Executive Directors' remuneration against comparable benchmarks having due regard to prevailing market practices and condition as well as the financial, and commercial health and business needs of the Group. The Company does not have any relationship with MRC that could affect MRC's independence and objectivity.

Principle 7: Level and Mix of Remuneration

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.

Provision 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.

Provision 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 Company's remuneration structure for its Executive Directors and key management personnel comprises both fixed components and variable components. The fixed components consist of base salary, fixed allowance and annual wage supplement. The variable component is performance related and is linked to the Company's performance as well as individual performance. It is designed to align remuneration with the shareholders' interest and to link rewards with corporate and individual performance to promote long-term success of the Group.

For the purpose of assessing the performance of the Executive Directors and key management personnel, specific performance indicators are agreed for each financial year and such indicators comprise both quantitative and qualitative factors.

Executive Directors and key management personnel do not receive Directors' fees from the Company or its subsidiaries/associated companies if they are appointed to the Board as stipulated in the Group's remuneration policy.

Contractual Provision to Reclaim Incentive Components of Remuneration

The Company currently does not have any contractual provisions which allows it to reclaim incentives from the Executive Directors and key management personnel 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 Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Long-term Incentive Scheme
The Company has adopted a performance share option plan known as the "Natural Cool Employee Share Option Scheme" ("**NCH ESOS**") and a performance share plan ("**NCH PSP**"). The NCH ESOS and NCH PSP provide an opportunity for employees and Directors who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company to motivate them to greater dedication, loyalty and higher standards of performance and to give recognition for past contributions and services.

As at the date of this Annual Report, no options have been granted under the NCH ESOS, nor any shares under the NCH PSP.

Provision 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 Non-Executive Directors have no service agreements (except for the letter of appointment) with the Company and their terms in office are specified in the Constitution. The Non-Executive Directors receive a base Director's fees and additional fees in respect of each Committee that they serve on, with the Chairman of the Committees receiving a higher fees in respect of their service as Chairman of the respective Committees. The RC and the Board are of the view that the remuneration of the Non-Executive Directors is appropriate, without compromising their independence, in accordance with the market condition and taking into account factors such as effort and time spent and the increasingly onerous responsibilities of the Directors. The Directors' fees are subject to approval by shareholders at the AGM. No Non-Executive Director is involved in deciding his or her own remuneration.

Principle 8: Disclosure on Remuneration

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: The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

Provision 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 Code 2018 recommends that companies fully disclose the remuneration of each individual Director and the Group CEO on a named basis. The Board is of the opinion that it is not in the best interest of the Company to disclose the exact details of the Directors' remuneration due to such disclosure would be prejudicial to its business interest given the highly competitive environment, commercial sensitivity and confidential nature of remuneration matters. As such, the Board has deviated from complying with the relevant guideline of the Code 2018 and has provided a breakdown, showing the level and mix of each Director and the Group CEO in bands of S$250,000.

The Management has confirmed that the Group's remuneration policy has been set to align remuneration with the interests of shareholders and link rewards with corporate and individual performance to promote the long-term sustainability of the Group.

The breakdown for the remuneration of the Directors for FY2023 is as follows:

Breakdown of Remuneration in Percentage (%)						
Name	**Remuneration Band**	**Salary (%)**	**Bonus (%)**	**Benefits-in-kind (%)**	**Directors' Fees (%)[1]**	**Total (%)**
Choy Bing Choong[2]	S$500,000 to S$749,999	80	14	6	–	100
Tsng Joo Peng	S$500,000 to S$749,999	79	15	6	–	100
Tran Phuoc (Lucas)[3]	Below S$250,000	–	–	–	100	100
Lau Lee Hua[4]	Below S$250,000	–	–	–	100	100
Tan Siew Bin Ronnie	Below S$250,000	–	–	–	100	100

Notes:–

(1) The Directors' fees of S$179,875 for FY2023 have been approved by shareholders at the AGM held on 28 April 2023. For FY2023, the Company has paid a total of S$173,125 as Directors' Fees and the unpaid Directors' Fee of S$6,750 was due to the absence of Non-Executive Director to serve as the Chairman of the Board.

(2) Mr Choy was redesignated as Executive Chairman with effect from 11 August 2023. Despite that Mr Choy is serving as the Chairman of the Board and being an Executive Director, he will not be drawing additional Directors' Fee attributed to the chairmanship.

(3) Mr Tran was redesignated as Lead Independent Director and the Chairman of the Audit and Risk Committee and a member of the Nominating and Remuneration Committees with effect from 11 August 2023.

(4) Ms Lau was redesignated as the Chairman of the Remuneration Committee and a member of the Audit and Risk and Nominating Committees with effect from 11 August 2023.

The Independent Directors are only paid Directors' Fee, subject to approval at the AGM. The fees paid to Independent Directors comprise a basic fee, a fee for chairing a committee and a fee for being a member of the committee. For FY2023, a total of S$173,125 Directors' Fee were paid to Independent Directors.

The Management has confirmed that there is no termination, retirement, or post-employment benefits that may be granted to the Directors, Group CEO and key management personnel.

Remuneration of Key Management Personnel (Other than Directors)

Management has confirmed the breakdown of the remuneration for the Company's key management personnel (who are not Directors/Group CEO) for FY2023 as follows:

Breakdown of Remuneration in Percentage (%)				
Name	**Salary (%)**	**Bonus (%)**	**Benefits-in-kind (%)**	**Total (%)**
S$250,000 to S$499,999				
Jeffrey Kan Kai Hi[1]	85	14	1	100

Note:–

(1) The Company only has one (1) key management who is not a Director or the Group CEO.

During the year, the Company has re-assessed the role and responsibility of the staff personnel and had determined that there were only one (1) key management personnel within the Company, who is not a Director or the Group CEO that has the authority and responsibility for planning, directing, and controlling the activities of the Company.

The Company had complied partially with the Provision of 8.1(b) of the Code 2018 by disclosing the key management personnel's remuneration in bands of S$250,000 as well as a breakdown (in percentage terms) into salary, bonus and benefits-in-kinds, but decided to deviate from disclosing the aggregate total remuneration paid to the only key management personnel. Complying with such would inadvertently reveal sensitive and specific information regarding the compensation of the sole key management personnel.

<u>Employee Share Option Scheme and Performance Share Plan</u>
For FY2023, no options and shares have been granted under NCH ESOS and NCH PSP. Please refer to Provision 7.1 for details.

Provision 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.

Save for the Group CEO in FY2023, there were no employees who were substantial shareholders of the Company during this period.

The Group does not have any employee who is an immediate family member of a Director/Group CEO of the Company and whose remuneration exceeds S$100,000 during FY2023.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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.

Provision 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 is responsible for the management of the Group's significant risks and is assisted by the ARC in the oversight of the risk management and internal control systems of the Group.

A summary of the Company's risk management and internal controls system is appended below:

The Group recognises risk management as a collective effort beginning with each business units followed by the operating segments and ultimately the Management and the Board, working as a team. The Group CEO and Management of the Company assume responsibilities of the risk management function where they regularly assess and review the Group's business and operational environments to identify areas of significant financial, operational, compliance and information technology risks.

The Board has approved the Enterprise Risk Management ("**ERM**") framework for the identification of key risks of the Group. The ERM framework governs the risk management process in the Group and sets forth the objective of aligning risk management with the Group's business objectives. The ERM framework covers strategic, financial, operational, compliance and information technology risks. In addition, the ERM framework also establish the Group's risk management processes and require the Group to conduct periodic risk workshop to perform the following:

- Identification of the risks and opportunities that may impact the Group's business objectives.

- Assessment of the risks and opportunities in accordance with a set of defined risk parameters considering both the impact and likelihood of occurrence of the risks and opportunities.

- Risk mitigation approach where the Group will take necessary actions and implement mitigation plan to moderate the risks.

- Monitoring and performing periodic assessment of the risks to ensure mitigation plans are performed timely.

From the risk workshops, the Group will table the results which include the key risks, risk heatmap and risk registers to the Board for review and undertaking of the necessary actions.

The ARC is responsible for reviewing the audit reports from the internal auditors and external auditors and assists the Board in overseeing the Management in the formulation, updating and maintenance of an adequate and effective risk management framework and internal controls. The Board, with the assistance of the ARC, is responsible for the governance of risk by ensuring the adequacy and effectiveness of the system of risk management and internal controls.

The Group has implemented policies and procedures to enhance the Group's internal control function in areas such as finance, operations, compliance and information technology. The internal control measures aim to ensure that the Group's assets are safeguarded, proper accounting records are maintained, financial information are used within the business and information to be published are reliable.

The ARC, with the assistance of the internal and external auditors, annually reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The internal auditor, Messrs Mazars LLP, has carried out internal audit on the system of internal controls and reported the findings to ARC. The external auditor, Messrs KPMG LLP, has also, in the course of their statutory audit, gained an understanding of and received the key financial controls assessed to be relevant to the statutory audit.

The Company's internal auditors conduct an annual review of the effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls, and a risk assessment at least annually to ensure the adequacy thereof. The findings of the review conducted by the internal auditors together with the review undertaken by the external auditors as part of their statutory audit are presented in their findings to the ARC. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditors and external auditors in this respect.

Provision 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.

The Group CEO and CFO of the Company have provided a written assurance to the ARC and the Board that the integrity of the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Company's operation and finances.

The Group CEO and other key management personnel have provided a written assurance to the ARC and the Board that the Company's risk management and internal control systems are adequate and effective.

Based on the ERM framework and internal controls established and maintained by the Group, work performed by the internal auditors, statutory audit performed by the external auditors and the written representation from the Management, the Board, with the concurrence of the ARC, is of the view that, the Group's risk management and internal control systems (including the financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2023.

The internal controls and risk management systems established by the Group provides reasonable but not absolute assurance that the Group will not be adversely affected by any event that can reasonably be foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities. As such, the Group's risk management and internal control systems are regularly evaluated and improved to ensure its relevance and adequacy in relation to the Group's operations.

Principle 10: Audit and Risk Committee

The Board has an Audit and Risk Committee which discharges its duties objectively.

Provision 10.1: The duties of the ARC 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.

Provision 10.2: The ARC comprises at least three directors, all of whom are non-executive and the majority of whom, including the ARC Chairman, are independent. At least two members, including the ARC Chairman, have recent and relevant accounting or related financial management expertise or experience.

Provision 10.3: The ARC 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.

The ARC comprises three (3) Independent Directors, namely Mr Tran, Ms Lau, and Mr Tan. The Chairman of the ARC is Mr Tran.

All members of the ARC are Independent Non-Executive Directors who do not have any management and significant business relationships with the Company or any substantial shareholders of the Company.

Mr Tran who was a partner of KPMG LLP, the existing Company's external auditor. He ceased to be a partner of KPMG LLP in September 2020 which is more than two years ago. He has no financial interest in KPMG LLP. The remaining ARC members are not previous partners or Directors of the Company's external audit firm and have no financial interest in the Company's external audit firm.

The ARC Chairman, Mr Tran and Ms Lau have necessary accounting and related financial management experience and expertise. The other ARC member, Mr Tan possess experience in legal and business management. Therefore, the Board considers the ARC members are appropriately qualified to discharge their responsibilities.

The role of ARC is to assist the Board in discharging their responsibilities to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal control, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group. The ARC will provide a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The ARC's responsibilities, as set out in its terms of reference, include the followings:

(i) Review with the external and internal auditors:

  (a) their audit plan, including the nature and scope of the audit before the audit commences;

  (b) ensure Quality Assurance Review is independently conducted at least once every five years;

  (c) discuss Key Audit Matters with external auditors and ascertain if there are any follow up actions which should be taken to reduce the extent of the uncertainty and corresponding need for judgement for future periods;

  (d) their evaluation of the system of internal controls including financial, operational, compliance and information technology controls and risk management system;

  (e) their audit report; and

  (f) their management letter and management response;

(ii) Review internal control procedures, its scope and results to ensure co-ordination between the internal/external auditors and the Management, including assistance given by our Management to the internal/external auditors and discuss problems and concerns, if any, arising from the interim and final audit;

(iii) Review the adequacy, effectiveness, independence, scope and results of the external audit and internal audit function;

(iv) Review half-year and annual financial statements to ensure integrity of the financial statements before submission to the Board for approval, focusing in particular, on:

  (a) significant financial reporting issues and judgements;

  (b) changes in accounting policies and practices;

  (c) major risk areas;

  (d) significant adjustments resulting from the audit;

(e) the going concern statement;

(f) compliance with accounting standards;

(g) compliance with stock exchange and statutory or regulatory requirement; and

(h) any announcement relating to the Company's financial performance;

(v) Review and report to Board at least annually on the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management system;

(vi) Review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have material impact on the Company's operating results or financial position and Management's response;

(vii) Meet with external auditors and with the internal auditors without the presence of Management, at least annually;

(viii) Review interested person transactions (if any) falling within the scope of Chapter 9 of SGX-ST;

(ix) Make recommendations to the Board on proposals to shareholders relating to the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

(x) Review the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;

(xi) Review the assurance from the Executive Chairman and the Group CFO on the financial records and financial statements;

(xii) Report to the Board its findings from time to time on matters arising and require the attention of the ARC;

(xiii) Undertake such other reviews and projects as may be requested by the Board;

(xiv) Provide arrangements whereby concerns on possible financial improprieties or, other matters raised by whistle-blowers are investigated independently and appropriate follow-up action taken;

(xv) Undertake such other functions and duties as may be required by statue or Catalist Rules, and by such amendments made thereto from time to time; and

(xvi) Investigate any matters within its terms of reference, with full access to and the co-operation of Management and full discretion to invite any Director or executive officer to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

The Group has complied with Rules 712 and 716 of the Catalist Rules in relation to the appointment of its external auditor. The ARC has reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors and has recommended the re-appointment of the external auditor at the forthcoming AGM.

Fees Paid/Payable to the External Auditors for FY2023		
	S$'000	**% of total**
Audit fees		
– Auditor of the Company	302	81
– Other auditors	55	15
Non-audit fees		
– Auditor of the Company	18	4
Total	375	100

The ARC reviews the independence of the external auditors annually. The ARC has conducted an annual review of the volume of non-audit services provided by the external auditors to ensure that the nature and extent of such services will not prejudice the independence of the external auditors. The ARC is satisfied with the external auditors' confirmation of their independence and is of the view that the non-audit services rendered in FY2023 in relation to tax compliance were not substantial.

The ARC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the "Audit Quality Indicators Disclosure Framework" published by ACRA such as performance, adequacy of resources and experience of the audit engagement partner and audit team assigned to the Group's audit, the size and complexity of the Group.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy which has been reviewed, endorsed by the ARC and approved by the Board; and designated an independent function to investigate whistle-blowing reports made in good faith. Under the whistle-blowing policy, employees and external parties can, in confidence, raise concerns about improper conduct for investigation. The Company is committed to protecting the identity of whistle-blowers, and protecting the whistle-blowers against detrimental or unfair treatment. The ARC is empowered for oversight and monitoring of whistle-blowing policy.

The procedures for whistle-blowing policy are made known on the Company's website (http://natcool.com/whistle-blowing-policy/), not just to the employees of the Group but also external parties. Whistle-blowers are given an option to anonymously report any misconducts to the ARC Chairman via a dedicated secured email address (report.nch@natcool.com) to ensure independent, thorough investigation and appropriate follow-up.

Follow-ups will be made to assist with the investigations or to disclose the outcomes of the investigations in the event that whistle-blowers choose to provide their contact details.

For FY2023, no matter was raised through the Group's whistle-blowing channels.

Provision 10.4: The primary reporting line of the internal audit function is to the ARC, 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 ARC, and has appropriate standing within the company.

The Board recognises the importance of maintaining an internal audit function to provide an independent assurance over the soundness of the system of internal controls and risk management procedures within the Group to safeguard shareholders' investments and the Group's assets. The ARC has the responsibility to review the adequacy of the internal audit function annually, review the internal audit program and ensure co-ordination between internal auditors, external auditors and Management, and ensure that the internal auditors meet or exceed the standards set by nationally or internationally recognised professional bodies.

The ARC oversees the Group's internal controls and risk management and its responsibilities are complemented by the work of the internal auditors.

The Group's internal audit function is outsourced to Messrs Mazars LLP that reports directly to the ARC Chairman and administratively to the Group CFO and FC. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit and is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Group is outsourced to.

The Group's internal audit function is independent of the activities it audits. The internal auditor has unrestricted access to the Company's documents, records, properties and personnel. The Group's engagement with the internal auditors stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. As of the date of this Annual Report, the internal auditor is staffed with professionals with relevant experience and qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors.

At the beginning of each year, an annual internal audit plan which entails the review of the selected functions or business units of the Group is developed and agreed by the ARC. The ARC is satisfied that the Company's internal audit function is adequately resourced to perform the work for the Group.

The ARC reviews the adequacy and effectiveness of the internal audit function on an annual basis. In accordance with Rule 1204(10) of the Catalist Rules, the ARC is satisfied that internal auditors are independent, effective, and adequately resourced and qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies) and has the appropriate standing in the Company to discharge its duties effectively.

Provision 10.5: The ARC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

In performing its functions, the ARC and the Management meet with the external and internal auditors to discuss and evaluate the internal controls of the Group and review the overall scope of both external and internal audit. The ARC also meets regularly with the Management, the Group CFO and external auditors to keep abreast of any changes to the accounting standards and issues which could have a direct impact on the Group's financial statements. The ARC has met up with the internal and external auditors at least once in FY2023, in the absence of key management personnel so that any concern and/or issue can be raised directly and privately.

Significant Audit Matters

In the review of the financial statements for FY2023, the ARC had discussed with the Management and the external auditors on changes to accounting standards and significant issues and assumptions that impact the financial statements. The most significant matters had also been included in the Independent Auditor's Report to the members of the Company under "Key Audit Matters". Following the review, the ARC is satisfied that this matter had been properly dealt with. The Board had approved the financial statements.

Key audit matter	How the matter was addressed by the ARC
Impairment assessment of non-financial assets (Refer to Notes 4 and 5 to the financial statements)	The ARC reviewed the Management's impairment assessment for each significant cash generating unit ("**CGU**"). Where appropriate, the ARC assessed the qualifications and objectivity of the valuers, and reviewed the valuation methodology and the underlying assumptions applied by the valuers. The ARC considered the findings of the external auditor, including their assessment of the appropriateness of: (i) Management's CGU identification; (ii) The impairment basis and key assumptions applied by Management to determine the CGU's value in use; and (iii) The methodology and key assumptions applied in the valuation of certain property, plant and equipment. The ARC was satisfied that the Management's impairment assessment process and methodology is appropriate.

SHAREHOLDERS' RIGHTS AND ENGAGEMENT

Principle 11: Shareholder rights and conduct of general meetings

The Company treat 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.

Provision 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.

The Company believes in providing sufficient and regular information to its shareholders. In this respect, the Board adopts a comprehensive policy to provide clear, timely and fair disclosure of information about the Company's business developments and financial performance, including changes which are likely to materially affect the price or value of its shares to aid the shareholders in their investment decisions.

The Company also releases timely disclosures of any new material information, where applicable, to the shareholders on SGXNet.

The Company's principal form of dialogue with the shareholders takes place at general meetings. Notices of general meetings are released to shareholders, together with the Annual Report and/or circulars within 4 months after the close of the financial year as prescribed by the relevant regulations. These notices are also published on the Company's website at the URL https://natcool.com and SGXNet. Any notice of a general meeting of shareholders is issued at least 14 days or 21 days, as the case may be, before the scheduled date of such meeting. Where necessary, additional explanatory notes will be provided for relevant resolutions to be tabled at general meetings to enable shareholders to exercise their vote on an informed basis. At general meetings, shareholders will be given the opportunity to voice their views and direct their questions to the Board regarding the Company.

Shareholders are entitled to attend the general meetings of the Company and are encouraged to participate effectively in and vote at general meetings. An independent polling agent is appointed by the Company who will explain the rules, including the voting procedures, that governs the general meetings of the Company to be held.

In line with the Catalist Rules, resolutions tabled at general meetings of the Company will be passed through a process of voting by poll which procedures will be clearly explained by an independent scrutineers at the Company's general meetings. For greater transparency and fairness in the voting process, voting at shareholders' meetings will be conducted by poll. This allows all shareholders present or represented at the meetings to vote on a one-share-one-vote basis. Results are announced in detail, showing the number of votes cast for and against each resolution and the respective percentages and the name of the independent scrutineer will be announced via SGXNet immediately after each general meeting. Electronic polling is not used due to the small turnout at AGM.

The forthcoming AGM will be held, in a wholly physical format, at 11 Eunos Road 8, Level 1 (Training Room 1-1), Singapore 408601 on 29 April 2024 ("**AGM 2023**"). There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the AGM 2023, submission of questions to the Chairman of the meeting in advance of, or at, the AGM 2023, and voting at the AGM 2023 by shareholders or their duly appointed proxy(ies), are set out in a separate announcement to be released on SGXNet.

Provision 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 Board notes that the best practice is to have separate resolutions on each substantially separate issue at general meetings. The Company shall avoid "bundling" resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. In situation where resolutions are inter-conditional, the Company will provide clear explanations. These meetings provide excellent opportunities to build shareholders' understanding of the Group's businesses, and obtain shareholders' feedbacks on value creation.

Provision 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.

The Company requires all Directors (including the respective Chairman of the Board Committees) to be present at all general meetings of the Company, except in cases of exigencies. The external auditors are also invited to be present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report. Relevant key management personnel will also be present at the general meetings of the Company to respond, if necessary, to address operational questions from shareholders.

All Directors (including the respective Chairman of the Board Committees) and the external auditors attended the Company's last AGM held on 27 April 2023.

Provision 11.4: The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.

The Company's Constitution allows all shareholders to appoint not more than two proxies to attend and vote on their behalf and also provides that a proxy need not be a shareholder of the Company. Registered shareholders who are unable to attend the general meetings are entitled to appoint up to two proxies, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act 1967). A relevant intermediary may appoint more than two proxies to participate in shareholders' meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such shareholder. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("**CPF**") Board which purchase shares on behalf of CPF investors. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings. Voting in absentia and by electronic mail may only be possible following careful study to ensure that the integrity of the information and authentication of the identity of shareholder through the web or other means are not compromised.

Provision 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 minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board will be made available to shareholders on the Company's website at the URL https://natcool.com and SGXNet within a month from the general meeting.

Provision 11.6: The company has a dividend policy and communicates it to shareholders.

The Company does not have a fixed dividend policy. Nonetheless, Management will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration. The Company will, in line with Rule 704(23) of the Catalist Rules, expressly disclose the reason(s) in the event that the Board decides not to declare or recommend a dividend, in its financial statement announcements.

Having reviewed the Group's FY2023 financial performance, no dividend has been declared or recommended for FY2023 as the Group wishes to conserve its cash for business use as well as to support working capital requirements for business growth. Any dividend payouts are clearly communicated to shareholders in public announcements and via announcements on SGXNet when the Company discloses its financial results.

Principle 12: Engagement with shareholders

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.

Provision 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 Company has in place an investor relations policy, which sets out the process and mechanism to engage its shareholders, including the channel of communication for questions to be posed by shareholders and through which the Company may respond accordingly. The Company considers advice from its continuing sponsor, corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

The Company does not practice selective disclosure of information. In line with the Company's continuous disclosure obligations pursuant to the Catalist Rules and the Companies Act 1967, the Board adopts the policy that all shareholders should be equally and timely informed of all major developments that impact the Group.

Information will first be disseminated to the shareholders through SGXNet and where relevant, followed by press release(s) and the uploading to the Company's website. The Company will also make announcements from time to time to update investors and shareholders on developments that are of interest to them. Such announcements include the annual reports that are prepared and released within the mandatory period and half-year and full-year financial statements containing a summary of the financial information and affairs of the Group, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST. The Company strives to supply shareholders with reliable and timely information to strengthen the relationship with its shareholders based on trust and accessibility.

General meetings are the principal forum for dialogue with shareholders and shareholders are encouraged to participate in such meetings. During these meetings, shareholders are able to engage with the Board and the Management in discussions on the Group's business activities, financial performance and other business-related matters.

Provision 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.

Provision 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 Company has an internal investor relations function to facilitate the communications with the stakeholders on a regular basis, attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance.

To enable the stakeholders to contact the Company easily, the contact details of the investor relations function have been set out at page 15 of this Annual Report as well as on the Company's website. The Company has put in place procedures to respond to investors' queries.

The Company has in place an investor relations policy which outlines the processes and practices that the Company adopts to ensure effective communication of information to shareholders and the investment community, in a timely manner. All disclosures of materials information are submitted to SGX-ST through SGXNet, and are made available on the Company's website at the URL https://natcool.com.

The policy is subject to regular review by the Board and senior management to ensure its effectiveness. Updates and amendments (as appropriate) will be made to reflect current best practices in our communication with shareholders and the investment community.

Principle 13: Managing stakeholders relationships and engagement with stakeholders

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

Provision 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.

Provision 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.

Since 2017, the Company has established a sustainability framework to outline how its contribution to global sustainability challenges will drive its future success. Our engagement with material stakeholder groups, including key areas of focus and engagement channels, are disclosed in the "Sustainability Report" section of this Annual Report. The Group's Sustainability Report is prepared with reference to the Global Reporting Initiative ("**GRI**") Standards as it provides an extensive framework that is widely accepted as a global standard for sustainability reporting and is also aligned with the requirements of Rule 711A and 711B and Practice Notice 7F of the SGX-ST Listing Manual Section B: Rules of Catalist. We have also referenced the United Nations Sustainable Development Goals and explained how we contribute to them. The Sustainability Report also takes into account the inclusion of the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"), and will continually review the Group's sustainable business strategy to improve the stewardship and reporting format. We see sustainability as an active value driver where new opportunities could be gained, in addition to managing economic, environmental, social and governance risks as a necessary license to operate.

Through the materiality assessment process, the Company identifies their key stakeholders who have direct influence on the business and operations. Our engagement with material stakeholder groups, including key issues and engagement platforms, are disclosed in this Annual Report.

The Company sizes opportunities to engage our stakeholders and welcomes feedback on our Sustainability Report. The Sustainability Reporting Committee can be contacted via email at report.sr@natcool.com.

Provision 13.3: The company maintains a current corporate website to communicate and engage with stakeholders.

Stakeholders who wish to know more about the Group and our business, governance practices can visit SGXNet and our Company website at the URL https://natcool.com. Our Company website serves as an important resource for investors and all stakeholders. It includes an investor relations section containing the Company's financial highlights, Annual Report, corporate announcements, data protection policy and whistle-blowing policy.

OTHER CORPORATE GOVERNANCE MATTERS

Appointment of Auditors (Rules 712 and 716 of the Catalist Rules)

The Company confirms its compliance with Rules 712 and 716 of the Catalist Rules. As required by Rule 716 of the Catalist Rules, the ARC and the Board have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

Dealing in Securities (Rule 1204(19) of the Catalist Rules)

The Company has adopted an internal policy which prohibits the Directors and officers of the Company from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short-term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcements of the financial results via SGXNet. They are also advised to be mindful of the laws on insider-trading at all times.

Interested Person Transactions ("IPT") (Rule 1204(17) of the Catalist Rules)

The Company has established procedures to ensure that all transactions with interested party(ies) are reported on a timely manner to the ARC and Board and the transactions are carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority shareholders.

All IPT, if any, are reported to and monitored by the finance department, and reviewed by the ARC. Each Director must promptly disclose conflicts of interest, whether direct or indirect, in relation to any transaction or proposed transaction with the Company as soon as is practicable after the relevant facts have come to his/her knowledge, and recuse himself/herself when the conflict-related matter is discussed unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussions, and abstain from voting in relation to conflict-related matters. On an annual basis, each Director and key management personnel are also required to submit details of his/her associates for the purpose of monitoring IPT.

The Company confirms that there are no IPTs of S$100,000 or more entered into for FY2023.

Material Contracts (Rule 1204(8) of the Catalist Rules)

Save for Service Agreements entered with the Executive Directors, there were no material contracts entered into by the Group involving the interest of the Group CEO, Directors or controlling shareholder(s), which are either still subsisting at the end of FY2023, if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees (Rule 1204(21) of the Catalist Rules)

No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2023.

Additional information on Directors seeking re-election pursuant to Rule 720(5) of the Catalist Rules

Mr Choy Bing Choong and Mr Tan Siew Bin Ronnie are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 29 April 2024 under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 12 April 2024 (collectively the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

Name of Director	**Choy Bing Choong**	**Tan Siew Bin Ronnie**
Date of Appointment	1 March 2020	28 July 2021
Date of Last Re-Appointment	28 April 2022	28 April 2022
Age	58	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board, having considered the recommendation of the Nominating Committee and having assessed the leadership in the Group and working experience of Mr Choy Bing Choong ("**Mr Choy**"), is of the view that Mr Choy possesses the requisite qualifications and experience to assume the position as an Executive Director of the Company.	The Board, having considered the recommendation of the Nominating Committee and having assessed the qualifications and working experience of Mr Tan Siew Bin Ronnie ("**Mr Tan**"), is of the view that Mr Tan possesses the requisite qualifications and experience to assume the position as an Independent Non- Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive As Executive Director, Mr Choy is responsible for formulating of the Group's business strategies and plans, overseeing investor relations, regulatory and compliance functions and leading new business initiatives.	Non-executive
Job Title (e.g. Lead ID, ARC Chairman, ARC Member and etc.)	Executive Chairman	Independent Non-Executive Director Nominating Committee Chairman Audit and Risk Committee Member Remuneration Committee Member
Professional qualification	1) Bachelor of Accountancy, National University of Singapore (2) Fellow Chartered Accountant, Institute of Singapore Chartered Accountants (3) Member, Singapore Institute of Directors	(1) Bachelor of Laws from University of London (2) Admitted to the English and Singapore Bar in 1989 and 1991 respectively

Name of Director	Choy Bing Choong	Tan Siew Bin Ronnie
Working experience and occupation(s) during the past 10 years	(1) August 2006 – June 2014, Director, Corporate Finance at CIMB Bank Berhad, Singapore Branch (2) July 2014 – March 2020, Chief Investment Officer at Natural Cool Holdings Limited (3) March 2020 – August 2023, Executive Director and Group Chief Operating Officer at Natural Cool Holdings Limited (4) August 2023 – Present, Executive Director and Chairman of the Board at Natural Cool Holdings Limited	May 2002 to present – Managing Director of Central Chambers Law Corporation
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Shareholding details	Nil	Nil
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	Director of: 1. Neo Group Limited (cessation date 10/06/2021) 2. Hoe Leong Corporation Ltd. (cessation date 30/09/2023) 3. Zhongmin Baihui Retail Group Ltd. (cessation date 24/11/2023)	Director of Reqall Technologies Pte. Ltd. (struck-off)
Other Principal Commitments Including Directorships Present	Independent Director of Hiap Tong Corporation Ltd	Director of: (1) Central Chambers Law Corporation (2) Chambers Resources Pte. Ltd.

Name of Director	Choy Bing Choong	Tan Siew Bin Ronnie
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? If yes, please provide full details.	Yes. Mr Choy was appointed as Non-Executive, Independent Director of Hoe Leong Corporation Ltd. ("**Hoe Leong**") on 1 September 2019. On 2 October 2019, Hoe Leong received an Originating Summons without a supporting affidavit filed by United Overseas Bank ("**UOB**") to place the Company under judicial management pursuant to Section 227B of the Companies Act 1967 ("**JM Application**"). On 7 November 2019, leave was granted by the High Court for UOB to wholly discontinue and/or withdraw the JM Application and UOB has accordingly filed the Notice of Discontinuance/Withdrawal accordingly to wholly discontinue/withdraw the JM Application. Mr Choy ceased to be a Director of Hoe Leong on 30 September 2023.	Yes Mr Tan was a Non-Executive Director of the following companies and was not involved in the day to day administration of the companies and had no part in decisions made by the companies: (i) Everbread Operations Pte. Limited. It was dissolved by Creditors Voluntary Winding Up. (ii) Prosell Global Learning Pte Ltd. The company decided to proceed with Members' Voluntary Winding Up. (iii) Unomachine Pte Ltd. The company was dissolved by Compulsory Winding Up (insolvency).
(c) Whether there is any unsatisfied judgement against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

Name of Director	Choy Bing Choong	Tan Siew Bin Ronnie
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgement 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
(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

Name of Director	Choy Bing Choong	Tan Siew Bin Ronnie
(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	Yes. Mr Tan was disqualified by Section 155A of Companies Act 1967 from being a Director for 5 years from 16 March 2017. He was requested by a research foundation to hold directorships in 3 companies set up as part of a new start-up assistance scheme. Mr Tan was to hold the non-executive directorships for about 3 months until the new local directors could be appointed. No new directors were appointed to replace him. When the 3 companies did not comply with filling requirement with Accounting and Corporate Regulatory Authority, they were eventually struck off. Mr Tan was then disqualified from holding directorships as a result. On 7 November 2019, Mr Tan was informed by the Attorney General's Chambers ("**AGC**") that the Ministry of Finance would in principle, have no objections to his fresh application for leave under Section 155A(3) of the Companies Act 1967, subject to conditions. By an application made by Natural Cool Holdings Limited, a letter from the AGC stated that Mr Tan would not be disqualified under Section 155A(1) of the Companies Act 1967 and may act as a director and participate in the management of companies.
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

Name of Director	Choy Bing Choong	Tan Siew Bin Ronnie
(ii) any entity (not being a corporation) which has been investigated for a breach of any law of regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(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
(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
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable – Disclosure applicable to the appointment of director only.	Not applicable – Disclosure applicable to the appointment of director only.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2023

We are pleased to submit this Annual Report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2023.

In our opinion:

(a) the financial statements set out on pages 100 to 165 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 year ended on that date in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Choy Bing Choong	Executive Chairman
Tsng Joo Peng	Executive Director and Group Chief Executive Officer
Tran Phuoc (Lucas)	Lead Independent Non-Executive Director
Lau Lee Hua	Independent Non-Executive Director
Tan Siew Bin Ronnie	Independent Non-Executive Director

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act 1967, particulars of interests of Directors who held office at the beginning of the financial year, or date of appointment if later, or at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants or share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of Director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
The Company		
Ordinary shares		
Tsng Joo Peng – interest held	17,348,426	17,348,426

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2024.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit and Risk Committee

The members of the Audit and Risk Committee during the year and at the date of this statement are:

- Tran Phuoc (Lucas) (Chairman), Lead Independent Non-Executive Director
- Lau Lee Hua, Independent Non-Executive Director
- Tan Siew Bin Ronnie, Independent Non-Executive Director

The Audit and Risk Committee performs the functions specified in Section 201B of the Companies Act 1967, the SGX-ST Listing Manual Section B: Rules of Catalist (SGX Listing Manual) and the Code of Corporate Governance.

The Audit and Risk Committee has held two meetings since the last Directors' statement. In performing its functions, the Audit and Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit and Risk Committee has full access to Management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 716 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Choy Bing Choong
Executive Chairman

Tsng Joo Peng
Executive Director

5 April 2024

INDEPENDENT AUDITOR'S REPORT

MEMBERS OF THE COMPANY NATURAL COOL HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Natural Cool Holdings Limited (the "**Company**") and its subsidiaries (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, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 100 to 165.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967, Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") and International Financial Reporting Standards ("**IFRSs**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-financial assets **(Refer to Notes 4 and 5 to the financial statements)**	
The key audit matter	*How the matter was addressed in our audit*
As at 31 December 2023, the Group's market capitalisation was below the carrying amount of its net assets. This is an indication that certain non-financial assets of the Group may be impaired. Management identified impairment indicators in relation to Food & Beverages ("**F&B**") cash generating unit ("**CGU**") because of continued losses incurred by the CGU. In addition, the Group performs mandatory impairment assessment on the CGUs carrying goodwill, namely Aircon and Engineering segment and Technology CGU. The Group performed impairment assessment of its non-financial assets by estimating the recoverable amounts of its CGUs. The recoverable amount of a CGU is determined based on the higher of the CGU's fair value less cost of disposal and its value in use. In relation to value in use, forecasting future cash flows is a judgemental process which involves making assumptions relating to estimates on revenue growth, gross profit margin and the discount rates.	We evaluated the appropriateness of CGUs identified by Management based on our understanding of the current business of the Group and the Company. We obtained an understanding and performed walk through over the impairment assessment process. On value in use projections, we performed the following: – Assessed Management's process of setting budgets on which the cash flow forecasts are based. – Challenged key assumptions used in the cash flow projections including, revenue growth, gross profit margin, terminal growth rates and discount rates by comparing them against historical performance, external market reports and industry forecasts. This includes making enquiries with Management about their business strategies and plan on revenue growth and profitability. – Independently derived applicable discount rates from comparable companies and compared with those used by Management. – Performed sensitivity analysis, focusing on plausible change in the key assumptions or discount rates, and analysed the impact to the carrying amount. We considered the adequacy and appropriateness of disclosures in the financial statements in describing the key assumptions applied and estimation uncertainty.
Our findings We found the identification of the CGUs and assessment for impairment indicators to be appropriate. The underlying adjustments and assumptions used to determine the value in use of the Aircon and Engineering segment, Technology CGU and F&B CGU were within a reasonable range of outcomes. We found the Group's disclosure in notes to the financial statements to be appropriate.	

Other information

Management is responsible for the other information contained in the Annual Report. Other information is defined as all information in the Annual Report other than the financial statements and our auditor's report thereon.

We have obtained all other information prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Chai Yan.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
Assets					
Property, plant and equipment	4	**36,304**	38,567	**25**	6
Intangible assets and goodwill	5	**4,963**	5,522	**171**	288
Investment property	6	**895**	922	**–**	–
Subsidiaries	7	**–**	–	**9,760**	7,245
Joint venture		**10**	–	**–**	–
Other investments	9	**–**	74	**–**	74
Trade and other receivables	11	**762**	762	**1,651**	5,818
Non-current assets		**42,934**	45,847	**11,607**	13,431
Asset held for sale	8	**550**	644	**–**	–
Inventories	10	**9,671**	10,183	**–**	–
Contract assets	22	**4,963**	6,402	**–**	–
Trade and other receivables	11	**21,568**	21,800	**1,726**	1,354
Other investments	9	**793**	1,013	**793**	1,013
Cash and cash equivalents	12	**8,118**	8,169	**608**	113
Current assets		**45,663**	48,211	**3,127**	2,480
Total assets		**88,597**	94,058	**14,734**	15,911
Equity					
Share capital	13	**36,412**	36,412	**36,412**	36,412
Reserves	14	**(2,955)**	(3,015)	**300**	300
Accumulated losses		**(17,527)**	(18,134)	**(33,660)**	(33,697)
Equity attributable to owners of the Company		**15,930**	15,263	**3,052**	3,015
Non-controlling interests	15	**57**	264	**–**	–
Total equity		**15,987**	15,527	**3,052**	3,015
Liabilities					
Loans and borrowings	16	**28,388**	32,036	**1,273**	2,129
Deferred tax liabilities	17	**250**	420	**–**	–
Provision	19	**140**	140	**–**	–
Non-current liabilities		**28,778**	32,596	**1,273**	2,129
Loans and borrowings	16	**9,305**	10,019	**859**	1,248
Contract liabilities	22	**9,434**	9,312	**–**	–
Trade and other payables	18	**24,536**	26,096	**9,550**	9,519
Current tax liabilities		**557**	508	**–**	–
Current liabilities		**43,832**	45,935	**10,409**	10,767
Total liabilities		**72,610**	78,531	**11,682**	12,896
Total equity and liabilities		**88,597**	94,058	**14,734**	15,911

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	22	**144,162**	149,650
Cost of sales		**(116,702)**	(124,141)
Gross profit		**27,460**	25,509
Other income	23	**1,294**	5,825
Distribution expenses		**(2,965)**	(2,752)
Administrative expenses		**(23,482)**	(23,208)
Impairment losses on trade receivables and contract assets, including bad debts written-off		**(110)**	(111)
Other expenses	24	**(275)**	(3,020)
Results from operating activities		**1,922**	2,243
Finance costs	25	**(1,226)**	(1,023)
Profit before tax		**696**	1,220
Tax expense	26	**(293)**	(280)
Profit for the year	27	**403**	940
Profit attributable to:			
Owners of the Company		**607**	1,387
Non-controlling interests		**(204)**	(447)
Profit for the year		**403**	940
Earnings per share			
Basic and diluted earnings per share (cents)	28	**0.24**	0.55

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	Group	
	2023	**2022**
	$'000	**$'000**
Profit for the year	**403**	940
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences from translation of foreign operations	**57**	12
Other comprehensive income for the year	**57**	12
Total comprehensive income for the year	**460**	952
Total comprehensive income/(loss) attributable to:		
Owners of the Company	**667**	1,401
Non-controlling interests	**(207)**	(449)
Total comprehensive income for the year	**460**	952

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Note	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 January 2022		36,412	(3,078)	49	(19,170)	14,213	(349)	13,864
Total comprehensive income/(loss) for the year								
Profit/(loss) for the year		–	–	–	1,387	1,387	(447)	940
Other comprehensive income								
Foreign currency translation differences from translation of foreign operations		–	–	14	–	14	(2)	12
Total comprehensive income/(loss) for the year		–	–	14	1,387	1,401	(449)	952
Transaction with owners, recognised directly in equity								
Dividend paid	14	–	–	–	(351)	(351)	–	(351)
Total transaction with owners		–	–	–	(351)	(351)	–	(351)
Changes in ownership interests in subsidiary								
Acquisition of subsidiary with non-controlling interests		–	–	–	–	–	1,062	1,062
Total changes in ownership interests in subsidiary		–	–	–	–	–	1,062	1,062
At 31 December 2022		36,412	(3,078)	63	(18,134)	15,263	264	15,527

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Accumulated losses $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group							
At 1 January 2023	**36,412**	**(3,078)**	**63**	**(18,134)**	**15,263**	**264**	**15,527**
Total comprehensive income/(loss) for the year							
Profit/(loss) for the year	**–**	**–**	**–**	**607**	**607**	**(204)**	**403**
Other comprehensive income							
Foreign currency translation differences from translation of foreign operations	**–**	**–**	**60**	**–**	**60**	**(3)**	**57**
Total comprehensive income/(loss) for the year	**–**	**–**	**60**	**607**	**667**	**(207)**	**460**
At 31 December 2023	**36,412**	**(3,078)**	**123**	**(17,527)**	**15,930**	**57**	**15,987**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash flows from operating activities			
Profit for the year		**403**	940
Adjustments for:			
Amortisation of intangible assets		**603**	570
Change in fair value of financial asset at fair value through profit or loss ("**FVTPL**")		**74**	–
Depreciation of property, plant and equipment		**4,017**	5,672
Depreciation of investment property		**27**	28
Gain on disposal of property, plant and equipment		**(22)**	(275)
Gain on termination of lease		**–**	(3,974)
Impairment loss on asset held for sale		**94**	–
Impairment loss on goodwill		**–**	75
Impairment losses on property, plant and equipment		**–**	885
Impairment losses on trade receivables and contract assets, including bad debts written-off		**110**	111
(Reversal of)/impairment losses on inventories		**(7)**	70
Interest expenses		**1,226**	1,023
Interest income		**(1)**	(1)
Loss on deconsolidation		**–**	1,171
Property, plant and equipment written-off		**2**	593
Tax expense		**293**	280
		6,819	7,168
Changes in:			
Inventories		**519**	(1,949)
Trade and other receivables		**122**	(4,382)
Contract assets		**1,439**	(2,005)
Trade and other payables		**(1,560)**	9,652
Contract liabilities		**122**	(2,481)
Cash generated from operations		**7,461**	6,003
Tax paid		**(414)**	(155)
Net cash from operating activities		**7,047**	5,848

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	33	**–**	(2,813)
Interest received		**1**	1
Investment in joint venture		**(10)**	–
Investment in other investments		**–**	(87)
Proceeds from other investments		**220**	–
Proceeds from disposal of property, plant and equipment		**75**	1,276
Purchase of intangible assets		**(44)**	(232)
Purchase of property, plant and equipment		**(368)**	(2,637)
Net cash used in investing activities		**(126)**	(4,492)
Cash flows from financing activities			
Dividend paid	14	**–**	(351)
Interest paid	16	**(1,226)**	(1,001)
Changes in bills payable	16	**(1,264)**	1,623
Payment of lease liabilities	16	**(1,739)**	(3,340)
Proceeds from borrowings	16	**1,050**	1,796
Repayment of borrowings	16	**(3,859)**	(3,618)
Net cash used in financing activities		**(7,038)**	(4,891)
Net decrease in cash and cash equivalents		**(117)**	(3,535)
Cash and cash equivalents at beginning of year		**8,169**	11,625
Effect of foreign exchange fluctuations on cash held		**66**	79
Cash and cash equivalents at end of year	12	**8,118**	8,169

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2024.

1 Domicile and activities

Natural Cool Holdings Limited (the "**Company**") is a company incorporated in Singapore. The address of the Company's registered office is 87 Defu Lane 10 #06-01, Singapore 539219.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as follows:

- Aircon and Engineering: trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, plumbing and sanitary works and maintenance services;
- Paint and Coatings: manufacturing, trading of paint and basic chemicals;
- Food and Beverages ("**F&B**"): operator of restaurants and stalls, manufacture and wholesale of F&B products; and
- Technology: installation of building automated systems for remote monitoring and maintenance services.

The financial statements of the Group as at and for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**" and individually as "**Group entities**").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and International Financial Reporting Standards ("**IFRSs**"). The changes to material accounting policies are described in Note 2.5.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise specified.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Notes 4 and 5 – impairment assessment of property, plant and equipment, intangible assets and goodwill: key assumptions underlying the recoverable amounts;
- Note 7 – measurement of recoverable amounts of interests in subsidiaries;
- Note 22 – revenue recognition: estimate of total contract costs to complete and allocation of the contract value to the performance obligations.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Management has overall responsibility for all significant fair value measurement, including Level 2 and Level 3 fair values, and reports directly to the Board of Directors.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then Management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors and Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

2 Basis of preparation (Continued)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 21 – Measurement of fair values.

2.5 Changes in material accounting policies

(i) New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2023:

- SFRS(I) 17: *Insurance Contracts*
- Amendments to SFRS(I) 1-12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to SFRS(I) 1-12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in material accounting policies.

In addition, the Group adopted the Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the current note in certain instances.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note ii). In determining whether a particular 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 and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. 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.

3 Material accounting policy information (Continued)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

The Group measures goodwill at the date of acquisition as:

- the consideration transferred (generally measured at fair value); plus
- the recognised amount of any non-controlling interests ("**NCI**") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally measured at fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is for each business combination. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in other expense in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3 Material accounting policy information (Continued)

3.1 Basis of consolidation (Continued)

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss and presented within other expenses/income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income ("**OCI**"), and presented in the foreign currency translation reserve ("**translation reserve**") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3 Material accounting policy information (Continued)

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade and other receivables (excluding prepayments) and debt instruments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

3 Material accounting policy information (Continued)

3.3 Financial instruments (Continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from financial guarantees are included within ‘loans and borrowings’.

3 Material accounting policy information (Continued)

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. If significant parts of an items of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Leasehold properties	37 years
• Computers	3 years
• Furniture, fittings and office equipment	5 years
• Motor vehicles	5 – 10 years
• Tools and machineries	5 – 10 years
• Renovation	5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 Material accounting policy information (Continued)

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Customer relationships and trademark

Customer relationships and trademark that are acquired in a business combination by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 10 years.

(iii) Computer software

Computer software licenses are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other costs directly attributable to bringing the assets to a working condition for their intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licenses are subsequently measured at cost less accumulated amortisation and impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 3 years from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

(iv) Order backlogs

Order backlogs are sales contracts that are acquired in a business combination by the Group. They are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of three years.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

(vi) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

3 Material accounting policy information (Continued)

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or 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.

(i) **As a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

– fixed payments, including in-substance fixed payments; and

– the exercise price under a renewal option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3 Material accounting policy information (Continued)

3.6 Leases (Continued)

(i) As a lessee (Continued)

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***(ii)* As a lessor**

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sales.

3 Material accounting policy information (Continued)

3.8 Impairment

(i) Non-derivative financial assets and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- contract assets.

Lease receivables are disclosed as part of trade and other receivables.

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

- 12-month ECLs: these are ECLs 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 ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs 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 ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

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 ECLs.

3 Material accounting policy information (Continued)

3.8 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

General approach (Continued)

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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

Measurement of ECLs

ECLs 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). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. 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.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

3 Material accounting policy information (Continued)

3.8 Impairment (Continued)

(i) Non-derivative financial assets and contract assets (Continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("**CGU**") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Material accounting policy information (Continued)

3.9 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("**PO**") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual stand-alone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

More information about the Group's accounting policies relating to goods and services sold is provided in Note 22.

3.10 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3 Material accounting policy information (Continued)

3.11 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Executive Chairman and Executive Director and Group Chief Executive Officer ("**CEO**") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Executive Chairman and Executive Director and Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment excluding right-of-use assets, and intangible assets other than goodwill.

3.12 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangements*
- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*
- Amendments to SFRS(I) 1-21: *Lack of Exchangeability*

4 Property, plant and equipment

	Note	Leasehold properties $'000	Computers $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Tools and machineries $'000	Renovation $'000	Right-of-use – motor vehicles $'000	Right-of-use – properties $'000	Total $'000
Group										
Cost										
At 1 January 2022		27,080	886	1,580	4,071	3,907	9,453	1,435	38,485	86,897
Additions		–	83	351	84	1,065	917	2,006	787	5,293
Acquisition through business combination	33	–	1	2	–	–	–	–	33	36
Disposals		–	(3)	–	(1,111)	(1,144)	–	–	(26,019)	(28,277)
Write-offs		–	(12)	(797)	–	(221)	(3,646)	–	–	(4,676)
Lease modification		–	–	–	–	–	–	–	(2,422)	(2,422)
Deconsolidation due to loss of control		–	(2)	(98)	(40)	(125)	(105)	–	(277)	(647)
Reclassification to asset held for sale	8	(870)	–	–	–	–	–	–	–	(870)
Reclassification to other categories		–	–	–	(79)	–	–	79	–	–
Effect of movements in exchange rates		–	–	(5)	(2)	(5)	(6)	(1)	(20)	(39)
At 31 December 2022		26,210	953	1,033	2,923	3,477	6,613	3,519	10,567	55,295
Additions		–	56	109	–	72	108	219	177	741
Disposals		–	–	–	(112)	–	–	–	–	(112)
Write-offs		–	(35)	(11)	–	–	(162)	–	–	(208)
Lease modification		–	–	–	–	–	–	–	1,077	1,077
Effect of movements in exchange rates		–	(1)	(1)	–	(1)	(2)	(2)	(12)	(19)
At 31 December 2023		**26,210**	**973**	**1,130**	**2,811**	**3,548**	**6,557**	**3,736**	**11,809**	**56,774**
Accumulated depreciation and impairment loss										
At 1 January 2022		4,098	759	1,103	1,630	2,630	5,103	658	16,467	32,448
Depreciation		913	81	154	665	373	519	442	2,525	5,672
Disposals		–	(1)	–	(553)	(703)	–	–	(16,244)	(17,501)
Write-offs		–	(12)	(775)	–	(79)	(3,217)	–	–	(4,083)
Deconsolidation due to loss of control		–	(1)	(98)	(32)	(120)	(84)	–	(125)	(460)
Impairment loss		–	2	92	–	–	460	–	331	885
Reclassification to asset held for sale	8	(226)	–	–	–	–	–	–	–	(226)
Reclassification to other categories		–	–	–	(8)	–	–	8	–	–
Effect of movements in exchange rates		–	–	(5)	(2)	(5)	(4)	–	9	(7)
At 31 December 2022		4,785	828	471	1,700	2,096	2,777	1,108	2,963	16,728
Depreciation		805	82	171	442	459	305	658	1,095	4,017
Disposals		–	–	–	(59)	–	–	–	–	(59)
Write-offs		–	(34)	(10)	–	–	(162)	–	–	(206)
Effect of movements in exchange rates		–	(1)	(1)	–	–	(1)	–	(7)	(10)
At 31 December 2023		**5,590**	**875**	**631**	**2,083**	**2,555**	**2,919**	**1,766**	**4,051**	**20,470**
Carrying amounts										
At 1 January 2022		22,982	127	477	2,441	1,277	4,350	777	22,018	54,449
At 31 December 2022		21,425	125	562	1,223	1,381	3,836	2,411	7,604	38,567
At 31 December 2023		**20,620**	**98**	**499**	**728**	**993**	**3,638**	**1,970**	**7,758**	**36,304**

4 Property, plant and equipment (Continued)

	Computers $'000	Office equipment $'000	Furniture and fittings $'000	Renovation $'000	Total $'000
Company					
Cost					
At 1 January 2022 and 31 December 2022	40	8	4	–	52
Additions	–	–	12	16	28
31 December 2023	**40**	**8**	**16**	**16**	**80**
Accumulated depreciation					
At 1 January 2022	34	3	4	–	41
Depreciation	3	2	–	–	5
At 31 December 2022	37	5	4	–	46
Depreciation	2	2	3	2	9
At 31 December 2023	**39**	**7**	**7**	**2**	**55**
Carrying amounts					
At 1 January 2022	6	5	–	–	11
At 31 December 2022	3	3	–	–	6
At 31 December 2023	**1**	**1**	**9**	**14**	**25**

Depreciation

The depreciation charge of the Group is recognised in the following line items of the statement of profit or loss:

	Group	
	2023 $'000	**2022 $'000**
Cost of sales	**822**	2,245
Administrative expenses	**3,195**	3,427
	4,017	5,672

Securities

At 31 December 2023, several leasehold properties are pledged as security to secure bank loans (see Note 16).

Impairment loss

Management reviews the carrying amount of the assets as at reporting date to determine whether there is any indication of impairment. In the current year, Management identified indicators of impairment on F&B CGU and carried out an impairment assessment and determined the recoverable amount.

2023:

The recoverable amount of the F&B CGU is based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

4 Property, plant and equipment (Continued)

Impairment loss (Continued)

The Group prepared a 4-year cash flow forecast derived from the most recent financial budgets approved by the Management. Key assumptions used in the estimation of the value in use calculation are as set out below.

– Forecasted revenue growth of 69.5% in the following financial year and approximately 2.5% annual growth assumed for the subsequent years;

– 4-year forecast period based on the remaining lease term of the premise; and

– Pre-tax discount rate of 15.2% has been applied to the pre-tax cash flow projections.

As the recoverable amount was higher than the carrying amount, no impairment loss was recognised.

2022:

Management has estimated the recoverable amounts of the plant and equipment in F&B CGUs based on fair value less cost of disposal approach. The fair value was determined based on replacement cost approach, the external valuers considered the recent quotes from the market and incorporated relevant adjustments to derive the fair values as at report date. The fair value less cost of disposal approach was adopted as Management's estimated value in use of the CGUs is lower.

The recoverable amount was less than the carrying amount and impairment loss of $885,000 was recognised. The impairment loss has been recognised in other expenses in profit or loss.

The fair value measurement was categorised as a Level 2 fair value based on the inputs in the valuation technique used. Details of valuation technique and key inputs for the estimation of the recoverable amounts of F&B CGU based on fair value less cost of disposal:

Type	Valuation technique	Significant unobservable inputs
Plant and equipment Plant and equipment comprises of tools and machineries	Replacement cost approach	This approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts or its fair value less costs to sell, the Group assumed revenue growth rates and gross profit margins throughout the cash flow forecast periods, and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology.

The fair value less costs to sell determined by external valuer using the current replacement cost approach is sensitive to the key assumptions applied. The key assumptions are dependent to a great extent on economic and other conditions beyond the Group's control. These assumptions continue to be subjected to estimation uncertainties that may result in material adjustments on the recoverable amounts in future periods.

5 Intangible assets and goodwill

	Note	Goodwill $'000	Order backlogs $'000	Customer relationships $'000	Trademark $'000	Computer software $'000	Others $'000	Total $'000
Group								
Cost								
At 1 January 2022		3,497	188	118	383	907	100	5,193
Additions		–	–	–	–	232	–	232
Acquisition through business combination	33	1,955	1,001	550	–	–	–	3,506
Write-offs		–	–	–	–	(124)	–	(124)
At 31 December 2022		5,452	1,189	668	383	1,015	100	8,807
Additions		–	–	–	–	44	–	44
At 31 December 2023		**5,452**	**1,189**	**668**	**383**	**1,059**	**100**	**8,851**
Accumulated amortisation and impairment losses								
At 1 January 2022		1,683	188	63	203	611	16	2,764
Amortisation		–	334	61	19	136	20	570
Impairment loss		75	–	–	–	–	–	75
Write-offs		–	–	–	–	(124)	–	(124)
At 31 December 2022		1,758	522	124	222	623	36	3,285
Amortisation		–	334	61	19	169	20	603
At 31 December 2023		**1,758**	**856**	**185**	**241**	**792**	**56**	**3,888**
Carrying amounts								
At 1 January 2022		1,814	–	55	180	296	84	2,429
At 31 December 2022		3,694	667	544	161	392	64	5,522
At 31 December 2023		**3,694**	**333**	**483**	**142**	**267**	**44**	**4,963**

5 **Intangible assets and goodwill** (Continued)

	Computer software $'000
Company	
Cost	
At 1 January 2022	338
Additions	151
At 31 December 2022	489
Additions	12
At 31 December 2023	**501**
Accumulated amortisation	
At 1 January 2022	87
Amortisation	114
At 31 December 2022	201
Amortisation	129
At 31 December 2023	**330**
Carrying amounts	
At 1 January 2022	251
At 31 December 2022	288
At 31 December 2023	**171**

Amortisation

The amortisation of order backlogs, customer relationships, trademark, computer software and others are included in 'administrative expenses' in profit or loss.

Impairment assessment for CGUs containing goodwill

Aircon and Engineering segment

The goodwill in the Aircon and Engineering segment amounted to $1,712,000 (2022: $1,712,000) and arose from the acquisition of 51% equity interest in subsidiaries.

The recoverable amount of the Aircon and Engineering segment is based on the sum of the value in use of Natural Cool Airconditioning & Engineering Pte Ltd, JAD Solutions Pte. Ltd. and Nam Fang Co Pte Ltd., determined by discounting the pre-tax future cash flows to be generated from the continuing use of these entities.

The Group prepared 5-year cash flow forecasts derived from the most recent financial budgets approved by the Management. Key assumptions used in the estimation of the value in use calculation are as set out below.

– Forecasted revenue growth ranging from 3.9% to 87.4% (2022: -1.6% to 74.5%) for the entities in the segment in the following financial year and with annual growth ranging from 2.5% to 7.0% (2022: 2.5% to 2.6%) assumed for the subsequent years;

– Pre-tax discount rate of 10.2% to 10.6% (2022: 11.5%) has been applied to the pre-tax cash flow projections; and

– The terminal value was estimated using the cash flow forecast at the fifth year with a perpetual growth rate of 2.5% (2022: 2.5%).

5 **Intangible assets and goodwill** (Continued)

Impairment assessment for CGUs containing goodwill (Continued)

Technology CGU

The goodwill of $1,955,000 (2022: $1,955,000) arose from the acquisition of 51% equity interest in a subsidiary.

The recoverable amount of the Technology CGU is based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The Group prepared a 5-year cash flow forecast derived from the most recent financial budgets approved by the Management. Key assumptions used in the estimation of the value in use calculation are as set out below.

– Forecasted revenue growth of 3.4% (2022: 15.5%) in the following financial year and approximately 2.5% (2022: 5.0% to 19.0%) annual growth assumed for the subsequent years;

– Pre-tax discount rate of 12.6% (2022: 9.5%) has been applied to the pre-tax cash flow projections; and

– The terminal growth value was estimated using the cash flow forecast at the fifth year with a perpetual growth rate of 2.5% (2022: 0%).

Management believes that any reasonable change in the above key assumptions for Aircon and Engineering segment and Technology CGU will not materially cause the recoverable value to be lower than the carrying amount.

Sources of estimation uncertainty

In estimating the recoverable amounts of the CGUs using value in use from the respective cash flow forecasts, the Group assumed revenue growth rates and gross profit margins throughout the cash flow forecast periods, terminal values at the end of the cash flow forecast period and discount rate applied to the cash flow projections. The determination requires judgment. The Group evaluates, amongst other factors, the near-term business outlook, including factors such as industry and sector performance, and changes in technology.

6 **Investment property**

	Leasehold property $'000
Group	
Cost	
At 1 January 2022, 31 December 2022 and 31 December 2023	950
Accumulated depreciation	
At 1 January 2022	–
Depreciation	28
At 31 December 2022	28
Depreciation	27
At 31 December 2023	**55**
Carrying amounts	
At 1 January 2022	950
At 31 December 2022	922
At 31 December 2023	**895**

6 Investment property (Continued)

The Group's investment property consists of an industrial property in Singapore, which is held for long-term rental yields and/or capital appreciation. The property is leased to third party under operating lease.

Security

At 31 December 2023, the investment property is pledged as security to secure bank loans (see Note 16).

Measurement of fair value

The fair value of investment property was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment property of $1,050,000 (2022: $1,000,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the Group's valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Comparable sales (market comparison approach): The market comparison approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) properties.	Comparable sales prices+: $4,145 - $4,298 psm (2022: $3,792 - $4,264 psm)	The estimated fair value would increase/(decrease) if: – The transacted price of comparable properties was higher/(lower)

\+ Comparable sales prices have been adjusted by the size and tenure of the comparable properties to arrive at the fair value of the investment property held by the Group.

7 Subsidiaries

	Company 2023 $'000	Company 2022 $'000
Unquoted equity investments, at cost	**9,515**	9,515
Impairment loss	**(3,815)**	(3,270)
	5,700	6,245
Loan to a subsidiary	**4,060**	1,000
	9,760	7,245

The loan to a subsidiary is unsecured, interest-free and repayable only at the discretion of the subsidiary.

7 Subsidiaries (Continued)

The change in impairment losses in respect of the investments in subsidiaries during the year is as follows:

	Company	
	2023	**2022**
	$'000	**$'000**
At 1 January	**3,270**	2,690
Impairment loss recognised	**545**	780
Write-off	**–**	(200)
At 31 December	**3,815**	3,270

The impairment assessment of certain investments in subsidiaries were triggered because of the continuing poor financial performance of subsidiaries. Management assessed the recoverable amount of the investment based on its value in use to be lower than the carrying amount. The recoverable amount is based on a 5-year cash flow forecast derived from the most recent financial budgets approved by the Management. Pre-tax discount rate of 10.4% was applied to the pre-tax cash flow. The Company recognised an impairment loss of $545,000 on investments in subsidiaries in profit or loss.

For the financial year ended 31 December 2022, Management has estimated the recoverable amounts of the investment based on fair value less cost of disposal approach. The fair value less cost of disposal was higher than the carrying amount of the investment, accordingly, the Company recognised an impairment loss of $780,000 on investments in subsidiaries in profit or loss.

Details of subsidiaries are as follows:

Name of subsidiaries	**Principal activities**	**Principal place of business/ Country of incorporation**	**Ownership interest**	
			2023 %	**2022 %**
Held by the Company				
Natural Cool Airconditioning & Engineering Pte Ltd ("**NCAE**")[1]	Trading of air-conditioning units and spare parts, installation services and maintenance services	Singapore	**100**	100
Cougar Paint Pte. Ltd. ("**CPPL**")[2]	Investment holding company	Singapore	**100**	100
Natural Cool Asia Pte. Ltd.[2]	Trading of air-conditioning units and spare parts	Singapore	**51**	51
Lifestyle Guru Pte. Ltd.[2]	Trading of air-conditioning units and spare parts, installation services and maintenance services	Singapore	**100**	100
SFB Holdings Pte. Ltd. ("**SFB**")[2]	Operator of restaurant, manufacture and wholesale of F&B products	Singapore	**80**	80

7 **Subsidiaries** (Continued)

Name of subsidiaries	Principal activities	Principal place of business/ Country of incorporation	Ownership interest 2023 %	2022 %
JAD Solutions Pte Ltd.[2]	Environmental engineering service and mechanical and electrical engineering	Singapore	**51**	51
Nam Fang Co Pte Ltd.[2]	Plumbing and sanitary works	Singapore	**51**	51
Futura Innovation Pte. Ltd. ("**FI**")[2]	Investment holding company	Singapore	**100**	100
Subsidiaries of NCAE				
NC (Singapore) Pte. Ltd.[2]	Trading of air-conditioning units and spare parts, installation services and maintenance services	Singapore	**100**	100
NC Precision Pte. Ltd.[2]	Leasing of property	Singapore	**100**	100
Natural Cool Distribution (JB) Sdn. Bhd.[2]	Trading of air-conditioning units and spare parts	Malaysia	**75**	75
Natural Cool Aircon Distribution Sdn. Bhd.[2]	Dormant	Malaysia	**75**	75
Subsidiary of CPPL				
Loh & Sons Paint Co (S) Pte Ltd[2]	Manufacturing, trading of paint and basic chemicals	Singapore	**100**	100
Subsidiary of SFB				
Yummy (S) Pte. Ltd.[2]	Operator of stalls, manufacture and wholesale of F&B products	Singapore	**80**	80
Subsidiary of FI				
iFocus Pte Ltd[2]	Installation of building automated systems for remote monitoring and maintenance services	Singapore	**51**	51

(1) Audited by KPMG LLP

(2) Audited by other firms

Sources of estimation uncertainty

When a subsidiary is in a net liability position and/or has suffered recurring losses, the Management will undertake an impairment assessment to determine the estimated recoverable amount of the investment in the subsidiary. This determination requires significant judgement. An estimate is made of the future profitability, the financial health of and near-term business outlook for the subsidiary, including factors such as industry and sector performance, and operating and financing cash flows. The recoverable amount of the subsidiary will change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount.

8 Asset held for sale

	Note	Group 2023 $'000	Group 2022 $'000
Leasehold properties at fair value	4	**550**	644

Two leasehold properties are presented as asset held for sale in September 2022 following Management's commitment to a plan to sell. After the financial year end, a buyer exercised an option to purchase the properties in March 2024.

Impairment loss of $94,000 for the write-down of the asset held for sale to the lower of its carrying amount and its fair value less costs to sell have been included in 'other expenses' in profit or loss.

9 Other investments

	Group and Company 2023 $'000	Group and Company 2022 $'000
Unquoted equity investments – at FVTPL	**–**	74
Money market funds – at FVTPL	**793**	1,013
	793	1,087
Non-current	**–**	74
Current	**793**	1,013
	793	1,087

10 Inventories

	Group 2023 $'000	Group 2022 $'000
Raw materials	**143**	330
Finished goods	**9,528**	9,853
	9,671	10,183

In 2023, inventories of $92,597,000 (2022: $95,465,000) were recognised as an expense during the year and included in 'cost of sales'.

As at 31 December 2023, the inventories are stated after allowance for inventory obsolescence of $63,000 (2022: $70,000).

11 Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables:				
– third parties	**15,766**	15,401	**–**	–
– subsidiaries	**–**	–	**1,787**	1,651
Impairment losses	**(363)**	(684)	**(891)**	(868)
Net trade receivables	**15,403**	14,717	**896**	783
Unbilled trade receivables	**2,540**	2,481	**–**	–
	17,943	17,198	**896**	783
Non-trade amounts due from subsidiaries	**–**	–	**7,539**	11,285
Impairment losses	**–**	–	**(5,227)**	(5,131)
	–	–	**2,312**	6,154
Accrued discount receivables	**752**	1,093	**–**	–
Deposits	**1,967**	2,073	**126**	106
Other receivables	**648**	1,001	**15**	11
Financial assets at amortised cost	**21,310**	21,365	**3,349**	7,054
Prepayments	**1,020**	1,197	**28**	118
	22,330	22,562	**3,377**	7,172
Non-current	**762**	762	**1,651**	5,818
Current	**21,568**	21,800	**1,726**	1,354
	22,330	22,562	**3,377**	7,172

The Group's non-current receivables consist of an insurance payment of $762,000 (2022: $762,000) for its Executive Director.

Non-trade balances due from subsidiaries are unsecured, interest-free and repayable on demand. As $1,651,000 (2022: $5,818,000) of the non-trade amounts due from subsidiaries are not expected to be recalled within the next 12 months, the amounts have been classified as non-current.

The Group's and the Company's exposure to credit risk and impairment losses for trade and other receivables are disclosed in Note 20.

12 Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash at bank and in hand	**8,106**	8,157	**608**	113
Fixed deposits	**12**	12	**–**	–
	8,118	8,169	**608**	113

13 Share capital

	Ordinary shares			
	2023		2022	
	No. of shares '000	$'000	No. of shares '000	$'000
Group and Company				
In issue at 1 January and 31 December	**250,448**	**36,412**	250,448	36,412

All issued shares are fully paid, with 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.

14 Reserves

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Capital reserve	**(3,078)**	(3,078)	**300**	300
Translation reserve	**123**	63	**–**	–
	(2,955)	(3,015)	**300**	300

The capital reserve arises from a common control transaction accounted for using the 'pooling of interest' method and equity component of convertible loan notes.

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

Dividends

The following first and final exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2023 $'000	2022 $'000
Paid by the Company to owners of the Company		
0.14 Singapore cents per qualifying ordinary share	**–**	351

15 Non-controlling interests

The following subsidiaries have non-controlling interests to the Group:

Name of subsidiaries	Ownership interest held by non-controlling interest	
	2023	**2022**
	%	**%**
Natural Cool Asia Pte. Ltd. ("**NCA**")	**49**	49
SFB Holdings Pte. Ltd. ("**SFB**")	**20**	20
Yummy (S) Pte. Ltd. ("**Yummy**")	**20**	20
JAD Solutions Pte. Ltd. ("**JAD**")	**49**	49
Nam Fang Co Pte Ltd. ("**Nam Fang**")	**49**	49
Natural Cool Distribution (JB) Sdn. Bhd. ("**NCDJB**")	**25**	25
Natural Cool Aircon Distribution Sdn. Bhd. ("**NCAD**")	**25**	25
iFocus Pte Ltd ("**iFocus**")	**49**	49

15 **Non-controlling interests** (Continued)

The following summarises the financial information of each of the Group's subsidiaries with non-controlling interests, based on their respective (consolidated) financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and difference in the Group's accounting policies.

	JAD $'000	Nam Fang $'000	iFocus $'000	Other individually immaterial subsidiaries $'000	Total $'000
31 December 2023					
Revenue	6,691	5,292	4,307		
Profit/(loss)	110	(756)	482		
Other comprehensive income/(loss)	–	–	–		
Total comprehensive income/(loss)	110	(756)	482		
Attributable to non-controlling interests:					
– Profit/(loss)	54	(370)	236	(124)	(204)
– Other comprehensive loss	–	–	–	(3)	(3)
– Total comprehensive profit/(loss)	54	(370)	236	(127)	(207)
Non-current assets	300	1,013	821		
Current assets	4,093	3,239	3,280		
Non-current liabilities	(917)	(824)	(136)		
Current liabilities	(3,293)	(3,782)	(1,147)		
Net assets/(liabilities)	183	(354)	2,818		
Net assets/(liabilities) attributable to non-controlling interests	90	(173)	1,381	(1,241)	57
Cash flows (used in)/from operating activities	(625)	(150)	1,060		
Cash flows used in investing activities	(91)	(3)	(6)		
Cash flows from/(used in) financing activities	800	162	(596)		
Net increase/(decrease) in cash and cash equivalents	84	9	458		

15 Non-controlling interests (Continued)

	JAD $'000	Nam Fang $'000	iFocus $'000	Other individually immaterial subsidiaries $'000	Total $'000
31 December 2022					
Revenue	5,697	5,577	3,020		
(Loss)/profit	(43)	36	170		
Other comprehensive income/(loss)	–	–	–		
Total comprehensive income/(loss)	(43)	36	170		
Attributable to non-controlling interests:					
– (Loss)/profit	(21)	18	83	(527)	(447)
– Other comprehensive loss	–	–	–	(2)	(2)
– Total comprehensive (loss)/income	(21)	18	83	(529)	(449)
Non-current assets	201	1,121	1,506		
Current assets	3,896	3,298	2,545		
Non-current liabilities	(837)	(1,113)	(237)		
Current liabilities	(3,187)	(2,902)	(1,469)		
Net assets/(liabilities)	73	404	2,345		
Net assets/(liabilities) attributable to non-controlling interests	36	198	1,149	(1,119)	264
Cash flows (used in)/from operating activities	(263)	308	267		
Cash flows used in investing activities	(1)	(15)	(6)		
Cash flows from/(used in) financing activities	587	(333)	414		
Net increase/(decrease) in cash and cash equivalents	323	(40)	675		

16 Loans and borrowings

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current liabilities				
Bank loans (Secured)	**19,631**	23,067	**1,273**	2,129
Lease liabilities (Secured)	**8,757**	8,969	**–**	–
	28,388	32,036	**1,273**	2,129
Current liabilities				
Bank loans (Secured)	**4,696**	4,069	**859**	1,248
Lease liabilities (Secured)	**1,581**	1,658	**–**	–
Bills payable (Secured)	**3,028**	4,292	**–**	–
	9,305	10,019	**859**	1,248
Total loans and borrowings	**37,693**	42,055	**2,132**	3,377

Information about the Group's exposure to interest rate risk and liquidity risks is included in Note 20.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2023				
S$ floating rate loans	1.30% to 7.74%	2024 to 2044	**21,227**	**16,388**
S$ fixed rate loans	2.00% to 6.75%	2024 to 2027	**8,202**	**7,939**
Bills payable	4.98% to 5.67%	2024 to 2024	**3,063**	**3,028**
Lease liabilities	1.40% to 5.50%	2024 to 2050	**15,859**	**10,338**
			48,351	**37,693**
2022				
S$ floating rate loans	1.36% to 6.15%	2023 to 2044	1,651	1,252
S$ fixed rate loans	1.40% to 5.50%	2023 to 2037	27,370	25,884
Bills payable	1.65% to 5.12%	2023 to 2023	4,292	4,292
Lease liabilities	1.40% to 5.50%	2023 to 2050	16,430	10,627
			49,743	42,055
Company				
2023				
S$ fixed rate loans	2.00%	2024 to 2025	**2,165**	**2,132**
2022				
S$ fixed rate loans	2.00%	2023 to 2025	3,471	3,377

The secured banking facilities of the Group are secured over leasehold properties and investment property with carrying amounts of $20,578,000 and $895,000, respectively (2022: $21,344,000 and $922,000).

16 Loans and borrowings (Continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Bills payable $'000	Bank loans $'000	Lease liabilities $'000	Total $'000
Balance at 1 January 2022	2,669	28,958	27,773	59,400
Changes from financing cash flows				
Interest paid	(94)	(494)	(413)	(1,001)
Changes in bills payable	1,623	–	–	1,623
Payment of lease liabilities	–	–	(3,340)	(3,340)
Proceeds from borrowings	–	1,796	–	1,796
Repayment of borrowings	–	(3,618)	–	(3,618)
Total changes from financing cash flows	1,529	(2,316)	(3,753)	(4,540)
Other changes				
Acquisition through business combination (Note 33)	–	–	36	36
Deconsolidation	–	–	(187)	(187)
New leases	–	–	2,516	2,516
Lease modification	–	–	(2,422)	(2,422)
Termination of lease	–	–	(13,749)	(13,749)
Interest expenses	94	494	413	1,001
Total liability-related other changes	94	494	(13,393)	(12,805)
Balance at 31 December 2022	4,292	27,136	10,627	42,055
Balance at 1 January 2023	**4,292**	**27,136**	**10,627**	**42,055**
Changes from financing cash flows				
Interest paid	**(183)**	**(587)**	**(456)**	**(1,226)**
Changes in bills payable	**(1,264)**	**–**	**–**	**(1,264)**
Payment of lease liabilities	**–**	**–**	**(1,739)**	**(1,739)**
Proceeds from borrowings	**–**	**1,050**	**–**	**1,050**
Repayment of borrowings	**–**	**(3,859)**	**–**	**(3,859)**
Total changes from financing cash flows	**(1,447)**	**(3,396)**	**(2,195)**	**(7,038)**
Other changes				
New leases	**–**	**–**	**373**	**373**
Lease modification	**–**	**–**	**1,077**	**1,077**
Interest expenses	**183**	**587**	**456**	**1,226**
Total liability-related other changes	**183**	**587**	**1,906**	**2,676**
Balance at 31 December 2023	**3,028**	**24,327**	**10,338**	**37,693**

17 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2023 $'000	2022 $'000
Group		
Property, plant and equipment	**119**	223
Intangible assets	**131**	197
	250	420

Movement in temporary differences (prior to offsetting of balances) during the year are as follows:

	Balance as at 1 January 2022 $'000	Recognised in profit or loss (Note 26) $'000	Others $'000	Balance as at 31 December 2022 $'000	Recognised in profit or loss (Note 26) $'000	Balance as at 31 December 2023 $'000
Group						
Deferred tax liabilities						
Property, plant and equipment	324	(101)	–	223	(104)	**119**
Intangible assets	–	(66)	263	197	(66)	**131**
	324	(167)	263	420	(170)	**250**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Unabsorbed capital allowances	**62**	127	**–**	–
Unutilised tax losses	**9,615**	9,676	**7,141**	7,141
	9,677	9,803	**7,141**	7,141

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations including satisfactory outcomes over changes in shareholders and the shareholding test. The tax losses and unabsorbed capital allowances do not expire under current tax legislation.

18 Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade payables	**12,262**	13,549	**2**	135
Amount due to subsidiaries:				
– trade	**–**	–	**1,404**	864
– non-trade	**–**	–	**7,699**	8,230
Amount due to joint venture	**6**	–	**–**	–
Deposits received	**631**	510	**1**	1
Accrued expenses	**9,066**	9,221	**419**	268
Other payables	**1,883**	2,293	**9**	12
Financial liabilities	**23,848**	25,573	**9,534**	9,510
GST payable	**688**	399	**16**	9
Deferred revenue	**–**	124	**–**	–
	24,536	26,096	**9,550**	9,519

Non-trade balances due to subsidiaries and other payables are unsecured, interest-free and repayable on demand.

The Group's and the Company's exposure to liquidity risk related to trade and other payables are disclosed in Note 20.

19 Provision

	Restoration
	$'000
Group	
At 1 January 2022	580
Additions	140
Unwind of discount	22
Deconsolidation of Natural Cool Investments Pte. Ltd. and its subsidiary	(602)
At 31 December 2022 and 31 December 2023	140
Non-current	
1 January 2022	580
31 December 2022	140
31 December 2023	**140**

20 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

(i) credit risk
(ii) liquidity risk
(iii) market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's Management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their rules and obligations.

The Audit and Risk Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by outsourced Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

(i) Credit risk

Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's and the Company's receivables from customers and the Company's non-trade amounts due from subsidiaries.

The carrying amounts of financial assets and contract assets represent the Group's and the Company's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of their financial assets.

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 29.

20 Financial instruments (Continued)

Risk management framework (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information and industry information. Sale limits are established for each customer, which represents the maximum open amount without requiring approval from the Board; these limits are reviewed on an ongoing basis.

Exposure to credit risk

The Group's and Company's exposure to credit risk for trade and other receivables and contract assets is concentrated in Singapore.

The exposure to credit risk for trade and other receivables (excluding prepayments), and contract assets at the reporting date by type of counterparty was as follows:

	2023 $'000	2022 $'000
Group		
Installation and servicing	**15,994**	14,723
Trading	**10,279**	13,044
	26,273	27,767
Company		
Commercial	**3,349**	7,054

As at 31 December 2023, the carrying amount of the Group's most significant receivable from a customer is $1,965,000 (2022: $2,129,000). The Company has no other significant concentration of customers' credit risk.

Expected credit loss assessment for individual customers

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from individual customers, which comprise a very large number of small balances. As the Group's past default experience does not show significantly different loss patterns for different customer segments, the allowance matrix is not further distinguished between the different customer bases.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past five years adjusted for current conditions and the Group's view of economic conditions over the expected lives of the trade receivables only if these factors have a significant impact to the credit loss.

20 Financial instruments (Continued)

Risk management framework (Continued)

(i) Credit risk (Continued)

Expected credit loss assessment for individual customers (Continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers.

	Group		
	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
31 December 2023			
Current (not past due)	**15,724**	**–**	***No***
1 – 30 days past due	**4,121**	**–**	***No***
31 – 60 days past due	**2,071**	**–**	***No***
61 – 90 days past due	**174**	**–**	***No***
More than 90 days past due	**1,179**	**(363)**	***Yes***
	23,269	**(363)**	
31 December 2022			
Current (not past due)	17,442	–	*No*
1 – 30 days past due	3,777	–	*No*
31 – 60 days past due	1,154	–	*No*
61 – 90 days past due	261	–	*No*
More than 90 days past due	1,650	(684)	*Yes*
	24,284	(684)	

Management believes that there is no indication that any macro-economic factor will have a significant direct and immediate impact on the credit quality of the Group's trade receivables and contract assets.

Loss rates for trade receivables due from the Company's subsidiaries has been measured as an amount equal to lifetime expected losses ECL. The ECL on trade receivables are estimated based on past default experiences of the subsidiaries and an analysis of the subsidiaries' economic conditions. As at balance sheet date, the Company has a cumulative loss allowance of $891,000 (2022: $868,000) against trade receivables due from subsidiaries because historical experience has indicated that these receivables are generally not recoverable.

Movements in allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group		Company	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Balance at 1 January	**684**	760	**868**	2,416
Impairment loss recognised	**144**	208	**23**	–
Reversal of impairment loss	**(25)**	(91)	**–**	–
Write-off	**(440)**	(193)	**–**	(1,548)
Balance at 31 December	**363**	684	**891**	868

20 Financial instruments (Continued)

Risk management framework (Continued)

(i) Credit risk (Continued)

Sources of estimation uncertainty

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the financial assets and contract assets. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation including evaluation of the Group's historical loss rates, existing market conditions as well as forward looking estimates at the end of each reporting period.

Non-trade amounts due from subsidiaries

As at balance sheet date, the Company has a cumulative loss allowance of $5,227,000 (2022: $5,131,000) on the non-trade amounts due from subsidiaries because historical experience has indicated that these receivables are generally not recoverable. There has been no significant increase in the risk of default on the remaining receivable amounts since initial recognition and the amount of allowance on these remaining receivable amounts was negligible.

Other receivables

Impairment on accrued discount receivables, deposits and other receivables has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. Other receivables are considered to have low credit risk as they are not due for payment at the end of reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. The amount of the allowance on other receivables was negligible.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents with bank and financial institution counterparties which are rated A- to AA-, based on rating agency Standard & Poor's ratings.

Impairment on cash and cash equivalents 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 cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

(ii) 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.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At the reporting date, the Group maintains $12,139,000 (2022: $8,824,000) of uncommitted credit facilities that can be drawn down to meet short-term financing needs.

20 Financial instruments (Continued)

Risk management framework (Continued)

(ii) Liquidity risk (Continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments:

		Contractual undiscounted cash flows			
	Carrying amount $'000	**Total $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
Group					
31 December 2023					
Non-derivative financial liabilities					
Variable interest rate loans	**16,388**	**(21,227)**	**(2,009)**	**(8,009)**	**(11,209)**
Fixed interest rate loans	**7,939**	**(8,202)**	**(4,044)**	**(4,158)**	**–**
Bills payable	**3,028**	**(3,063)**	**(3,063)**	**–**	**–**
Lease liabilities	**10,338**	**(15,859)**	**(2,053)**	**(4,867)**	**(8,939)**
Trade and other payables*	**23,848**	**(23,848)**	**(23,848)**	**–**	**–**
	61,541	**(72,199)**	**(35,017)**	**(17,034)**	**(20,148)**
31 December 2022					
Non-derivative financial liabilities					
Variable interest rate loans	1,252	(1,651)	(285)	(504)	(862)
Fixed interest rate loans	25,884	(27,370)	(4,258)	(11,753)	(11,359)
Bills payable	4,292	(4,292)	(4,292)	–	–
Lease liabilities	10,627	(16,430)	(2,101)	(4,985)	(9,344)
Trade and other payables*	25,573	(25,573)	(25,573)	–	–
	67,628	(75,316)	(36,509)	(17,242)	(21,565)

* *Exclude deferred revenue and GST payable*

		Contractual undiscounted cash flows		
	Carrying amount $'000	**Total $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**
Company				
31 December 2023				
Non-derivative financial liabilities				
Fixed interest rate loans	**2,132**	**(2,165)**	**(1,302)**	**(863)**
Trade and other payables^	**9,534**	**(9,534)**	**(9,534)**	**–**
Intra-group financial guarantees	**–**	**(24,958)**	**(24,958)**	**–**
	11,666	**(36,657)**	**(35,794)**	**(863)**
31 December 2022				
Non-derivative financial liabilities				
Fixed interest rate loans	3,377	(3,471)	(1,301)	(2,170)
Trade and other payables^	9,510	(9,510)	(9,510)	–
Intra-group financial guarantees	–	(27,645)	(27,645)	–
	12,887	(40,626)	(38,456)	(2,170)

^ *Exclude GST payable*

20 Financial instruments (Continued)

Risk management framework (Continued)

(ii) Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

The maturity analysis shows the contractual undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contractual maturity. Except for the cash flow arising from the intra-group financial guarantees (see Note 31), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign currencies and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the Singapore dollar ("**SGD**").

Exposure to foreign currency risk

The Group and the Company are not significantly exposed to foreign currency risk.

Interest rate risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to Management, was as follows:

	2023	**2022**
	$'000	**$'000**
Group		
Fixed rate instruments		
Loans and borrowings	**(21,305)**	(40,803)
Fixed deposits	**12**	12
	(21,293)	(40,791)
Variable rate instruments		
Loans and borrowings	**(16,388)**	(1,252)
Company		
Fixed rate instruments		
Loans and borrowings	**(2,132)**	(3,377)

20 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Interest rate risk (Continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instrument a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	2023		**2022**	
	Profit or loss			
	100 bp increase $'000	**100 bp decrease $'000**	**100 bp increase $'000**	**100 bp decrease $'000**
Group				
Profit before tax				
Variable rate instruments	**(164)**	**164**	(13)	13

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves and accumulated losses of the Group. The Board of Directors monitors the return on capital which the Group defines as net operating income divided by total average shareholders' equity attributable to owners of the Company, as well as the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

20 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
Group	**Note**	**Mandatorily at fair value through profit or loss $'000**	**Financial assets at amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2023									
Financial assets measured at fair value									
Other investments	9	**793**	**–**	**–**	**793**	**–**	**793**	**–**	**793**
Financial assets not measured at fair value									
Trade and other receivables#	11	**–**	**21,310**	**–**	**21,310**				
Cash and cash equivalents	12	**–**	**8,118**	**–**	**8,118**				
		–	**29,428**	**–**	**29,428**				
Financial liabilities not measured at fair value									
Variable interest rate loans	16	**–**	**–**	**16,388**	**16,388**				
Fixed interest rate loans	16	**–**	**–**	**7,939**	**7,939**	**–**	**7,622**	**–**	**7,622**
Bills payable	16	**–**	**–**	**3,028**	**3,028**				
Trade and other payables*	18	**–**	**–**	**23,848**	**23,848**				
		–	**–**	**51,203**	**51,203**				

\# *Exclude prepayments*

* *Exclude deferred revenue and GST payable*

20 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Accounting classifications and fair values (Continued)

Group	Note	Carrying amount: Mandatorily at fair value through profit or loss $'000	Carrying amount: Financial assets at amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2022									
Financial assets measured at fair value									
Other investments	9	1,087	–	–	1,087	–	1,013	74	1,087
Financial assets not measured at fair value									
Trade and other receivables#	11	–	21,365	–	21,365				
Cash and cash equivalents	12	–	8,169	–	8,169				
		–	29,534	–	29,534				
Financial liabilities not measured at fair value									
Variable interest rate loans	16	–	–	1,252	1,252				
Fixed interest rate loans	16	–	–	25,884	25,884	–	23,965	–	23,965
Bills payable	16	–	–	4,292	4,292				
Trade and other payables*	18	–	–	25,573	25,573				
		–	–	57,001	57,001				

Exclude prepayments

* *Exclude deferred revenue and GST payable*

20 Financial instruments (Continued)

Risk management framework (Continued)

(iii) Market risk (Continued)

Accounting classifications and fair values (Continued)

Company	Note	Carrying amount: Mandatorily at fair value through profit or loss $'000	Carrying amount: Financial assets at amortised cost $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
31 December 2023									
Financial assets measured at fair value									
Other investments	9	**793**	**–**	**–**	**793**	**–**	**793**	**–**	**793**
Financial assets not measured at fair value									
Trade and other receivables#	11	**–**	**3,349**	**–**	**3,349**				
Cash and cash equivalents	12	**–**	**608**	**–**	**608**				
		–	**3,957**	**–**	**3,957**				
Financial liabilities not measured at fair value									
Fixed interest rate loans	16	**–**	**–**	**2,132**	**2,132**	**–**	**1,950**	**–**	**1,950**
Trade and other payables^	18	**–**	**–**	**9,534**	**9,534**				
		–	**–**	**11,666**	**11,666**				
31 December 2022									
Financial assets measured at fair value									
Other investments	9	1,087	–	–	1,087	–	1,013	74	1,087
Financial assets not measured at fair value									
Trade and other receivables#	11	–	7,054	–	7,054				
Cash and cash equivalents	12	–	113	–	113				
		–	7,167	–	7,167				
Financial liabilities not measured at fair value									
Fixed interest rate loans	16	–	–	3,377	3,377	–	3,193	–	3,193
Trade and other payables^	18	–	–	9,510	9,510				
		–	–	12,887	12,887				

\# *Exclude prepayments*
^ *Exclude GST payable*

21 Measurement of fair values

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Plant and equipment

For the year ended 31 December 2022, the fair value of plant and equipment was determined by an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the type of plant and equipment being valued.

The valuation of plant and equipment based on replacement cost approach was based on quotations from suppliers at reporting date. Such approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration as well as other relevant forms of obsolescence.

Other investments – equity investment at FVTPL

The fair value of equity investment designated at FVTPL is determined based on the latest projected business plans presented by Management.

Other investments – money market fund at FVTPL

The fair value of money market fund designated at FVTPL is determined by reference to broker quotes.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other non-derivative financial assets and liabilities

The carrying amounts of other non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

22 Revenue

	Group 2023 $'000	Group 2022 $'000
Revenue from contracts with customers	**143,327**	147,795
Rental income	**835**	1,855
	144,162	149,650

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payments terms, and the related revenue recognition policies:

Trading

Nature of goods	The Group sells air-conditioning units, clean room products, spare parts, paints and F&B products.
When revenue is recognised	Revenue is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.
Significant payment terms	For air-conditioning units, clean room products, spare parts and paint, invoices are issued upon delivery of goods. Payment terms range from cash on delivery to 60 days after invoice date. For F&B restaurant business, payment term is cash. For wholesale business, payment terms ranging from cash on delivery to 60 days after invoice date.
Obligations for warranties	Air-conditioning units sold by the Group come with a standard warranty term ranging from one to five years. The warranty is directly covered by the suppliers. Accordingly, the Group has no warranty obligations relating to the air-conditioning units. Clean room products sold by the Group comes with a standard warranty term of 1 year. There is no warranty for paint products and foods and beverages.

Servicing

Nature of services	The Group provides maintenance services such as inspection and cleaning of air-conditioning and ventilation systems to residential and commercial market. The Group also provides maintenance for lift monitoring and surveillance devices.
When revenue is recognised	For inspection and cleaning of air-conditioning and ventilation systems, the revenue is recognised when services are provided to the customer and all criteria for acceptance have been satisfied. Maintenance revenue for lift monitoring and surveillance devices are recognised straight-line over the maintenance period.
Significant payment terms	Invoices are issued upon completion of services. Residential customers are required to make payments in advance of services rendered or cash on delivery. Commercial customers are given a credit term ranging from 30 to 60 days after invoice date.
Obligations for warranties	There is no warranty.

22 **Revenue** (Continued)

Installation

Nature of goods or services	The Group supplies and provides installation services for commercial air-conditioning systems, mechanical ventilation, plumbing and sanitary works and lift monitoring and surveillance device.
When revenue is recognised	The Group has assessed that installation services for commercial air-conditioning systems, mechanical ventilation, plumbing and sanitary works qualify for over time revenue recognition. The Group has the enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. For lift monitoring and surveillance device installation, revenue is recognised when installation is completed and all criteria for acceptance have been satisfied.
Significant payment terms	For commercial air-conditioning systems, mechanical ventilation and plumbing and sanitary works, progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the installation services rendered exceeds payments received from the customer, a contract asset is recognised. For lift monitoring and surveillance device installation, invoices are issued upon completion of installation. Customers are given a credit term of 30 days after invoice date.
Obligations for warranties	The contracts are covered under defect liability period ranging from one to two years.

System development

Nature of goods or services	The Group provides system development on lift monitoring system and train-borne communication system.
When revenue is recognised	The Group has assessed that software development qualify for over time revenue recognition. The Group has the enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract costs incurred till date in proportion to the total estimated contract costs of each contract. The revenue is recognised based on percentage of completion approach.
Significant payment terms	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the development process exceeds payments received from the customer, a contract asset is recognised.
Obligations for warranties	There is no warranty.

22 Revenue (Continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by revenue streams and timing of revenue recognition.

	Paint and Coatings		Aircon and Engineering		F&B		Technology		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue streams										
Trading	**4,998**	4,180	**86,786**	86,199	**5,222**	5,055	**–**	–	**97,006**	95,434
Installation	**–**	–	**31,548**	38,717	**–**	–	**1,290**	428	**32,838**	39,145
Servicing	**–**	–	**10,466**	10,424	**–**	–	**2,648**	2,392	**13,114**	12,816
System development	**–**	–	**–**	–	**–**	–	**369**	400	**369**	400
	4,998	4,180	**128,800**	135,340	**5,222**	5,055	**4,307**	3,220	**143,327**	147,795
Timing of revenue recognition										
Products transferred at a point in time	**4,998**	4,180	**97,252**	96,623	**5,222**	5,055	**1,290**	428	**108,762**	106,286
Products and services transferred over time	**–**	–	**31,548**	38,717	**–**	–	**3,017**	2,792	**34,565**	41,509
	4,998	4,180	**128,800**	135,340	**5,222**	5,055	**4,307**	3,220	**143,327**	147,795

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	Note	Group 2023	Group 2022
		$'000	$'000
Trade receivables	11	**17,943**	17,198
Contract assets		**4,963**	6,402
Contract liabilities		**(9,434)**	(9,312)

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

The contract liabilities primarily relate to consideration received from customers exceeding progress of installations and advance considerations received from customers for maintenance services.

22 Revenue (Continued)

Contract balances (Continued)

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

	Group			
	Contract assets		Contract liabilities	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	–	–	**4,817**	8,390
Increases due to cash received and progress billings, excluding amounts recognised as revenue during the year	–	–	**(4,939)**	(5,909)
Acquisition through business combination	–	–	–	(27)
Transfer from contract assets recognised at the beginning of the year to receivables	**(4,963)**	(2,064)	–	–
Changes in measurement of progress	**3,524**	4,069	–	–

Sources of estimation uncertainty

Revenue recognition on installation and system development are dependent on estimating the total completion cost of the installation contract. Actual total costs may be higher or lower than estimated at the reporting date, which would affect the revenue recognised in future years.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

	2024	2025	2026	2027	2028	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Installation	24,737	17,882	3,580	1,589	903	48,691
Maintenance and servicing	1,538	867	289	194	88	2,976

Variable consideration that is constrained and therefore not included in the transaction price is excluded in the amount presented above.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

The Group's exposure to impairment losses for contract assets is disclosed in Note 20.

23 Other income

	Group 2023 $'000	Group 2022 $'000
Interest income	**1**	1
Dividend income	**4**	21
Gain on disposal of property, plant and equipment	**22**	275
Gain on termination of lease	**–**	3,974
Government grants:		
– Development grant	**360**	–
– Job support scheme	**–**	123
– Other government grants	**518**	1,001
Others	**389**	430
	1,294	5,825

In 31 December 2022, a subsidiary has terminated its lease of property at 29 Tai Seng Avenue. As a result, the related right-of-use assets has been derecognised and resulted a gain on termination of lease of $3,974,000.

24 Other expenses

	Group 2023 $'000	Group 2022 $'000
Change in fair value of investment in FVTPL	**74**	–
Impairment loss on asset held for sale	**94**	–
Impairment loss on goodwill	**–**	75
Impairment loss on inventories	**–**	70
Impairment losses on property, plant and equipment	**–**	885
Loss on deconsolidation	**–**	1,171
Net loss on foreign exchange rates	**14**	187
Property, plant and equipment written off	**2**	593
Others	**91**	39
	275	3,020

25 Finance costs

	Group 2023 $'000	Group 2022 $'000
Interest expenses:		
– Bank loans and bills payable	**770**	588
– Lease liability interest	**456**	413
Unwind of discount on provision	**–**	22
	1,226	1,023

26 Tax expense

	Group 2023 $'000	Group 2022 $'000
Current tax expense		
Current year	**539**	491
Over provided in prior years	**(76)**	(44)
	463	447
Deferred tax credit		
Origination and reversal of temporary differences	**(166)**	(168)
(Over)/under provided in prior years	**(4)**	1
	(170)	(167)
Tax expense	**293**	280
Reconciliation of effective tax rate		
Profit before tax	**696**	1,220
Tax using Singapore tax rate at 17% (2022: 17%)	**118**	207
Effect of tax rates in foreign jurisdictions	**1**	(14)
Tax incentives	**(240)**	(312)
Non-taxable income	**(250)**	(714)
Non-deductible expenses	**765**	1,129
Over provided in prior years	**(80)**	(43)
Deferred tax assets not recognised	**–**	27
Utilisation of previously unrecognised tax losses and capital allowances	**(21)**	–
	293	280

27 Profit for the year

The following items have been included in arriving at profit for the year:

	Note	Group 2023 $'000	Group 2022 $'000
Amortisation of intangible assets	5	**603**	570
Audit fees paid to:			
– Auditors of the Company and other firms affiliated with KPMG International Limited		**302**	268
– Other auditors		**55**	58
Non-audit fees paid to auditors of the Company and other firms affiliated with KPMG International Limited		**18**	18
Depreciation of property, plant and equipment	4	**4,017**	5,672
Depreciation of investment property	6	**27**	28
Bad debts written back		**(9)**	(71)
Staff costs		**26,926**	25,282
Contributions to defined contribution plans, included in staff costs		**1,399**	1,175

28 Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on earnings attributable to ordinary shareholders of $607,000 (2022: $1,387,000) and weighted average number of ordinary shares outstanding of 250,448,000 (2022: 250,448,000). The calculated of weighted average number of ordinary shares is as follows:

	2023 '000	2022 '000
Group		
Issued ordinary shares at 1 January and 31 December, representing weighted average number of ordinary shares during the year	**250,448**	250,448

The Group does not have any dilutive potential ordinary shares.

29 Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Executive Chairman and Executive Director and Group CEO review internal management reports on at least a quarterly basis. The following summary describes the operations in each Group's reportable segments:

Aircon and Engineering : trading of air-conditioning units and spare parts, installation services for commercial air-conditioning systems and mechanical ventilation, plumbing and sanitary works and maintenance services such as inspection and cleaning of air-conditioning and ventilation systems.

Paint and Coatings : manufacturing and distribution of paints and chemicals.

Food and Beverages : operator of restaurants, manufacture and wholesale of F&B products.

Technology : installation of building automated systems for remote monitoring and maintenance services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports review by the Executive Chairman and Executive Director and Group CEO. Segment profit 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.

29 **Operating segments** (Continued)

Information about reportable segments

	Aircon and Engineering $'000	Paint and Coatings $'000	F&B $'000	Technology $'000	Other $'000	Total $'000
2023						
External revenue	**129,635**	**4,998**	**5,222**	**4,307**	**–**	**144,162**
Inter-segment revenue	**235**	**25**	**40**	**–**	**–**	**300**
Total revenue of reportable segments	**129,870**	**5,023**	**5,262**	**4,307**	**–**	**144,462**
Interest income	**(19)**	**–**	**–**	**–**	**–**	**(19)**
Finance costs	**1,154**	**8**	**66**	**2**	**–**	**1,230**
Depreciation and amortisation	**2,667**	**203**	**1,151**	**488**	**–**	**4,509**
Reportable segment profit/(loss) before tax	**1,644**	**210**	**(832)**	**502**	**–**	**1,524**
Other material non-cash items:						
Impairment loss on asset held for sale	**–**	**–**	**94**	**–**	**–**	**94**
Impairment losses on trade receivables and contract assets, including bad debts written-off	**110**	**–**	**–**	**–**	**–**	**110**
Reportable segment assets	**82,871**	**2,761**	**4,403**	**6,078**	**–**	**96,113**
Capital expenditure	**491**	**12**	**54**	**11**	**–**	**568**
Reportable segment liabilities	**62,542**	**7,666**	**9,032**	**4,371**	**–**	**83,611**
2022						
External revenue	136,135	4,180	5,070	3,220	1,045	149,650
Inter-segment revenue	185	16	65	–	201	467
Total revenue of reportable segments	136,320	4,196	5,135	3,220	1,246	150,117
Interest income	(21)	–	–	–	(7)	(28)
Finance costs	795	24	48	2	125	994
Depreciation and amortisation	2,794	250	1,302	482	1,323	6,151
Reportable segment profit/(loss) before tax	1,805	36	(2,013)	168	2,944	2,940
Other material non-cash items:						
Gain on termination of lease	–	–	–	–	3,974	3,974
Impairment losses on goodwill	–	–	75	–	–	75
Impairment losses on property, plant and equipment	–	–	885	–	–	885
Impairment losses on trade receivables and contract assets, including bad debts written-off	190	–	–	–	–	190
Loss on deconsolidation	–	(539)	–	–	1,710	1,171
Reportable segment assets	88,942	2,376	4,278	5,998	–	101,594
Capital expenditure	3,292	7	1,282	6	–	4,587
Reportable segment liabilities	68,310	7,496	8,361	4,769	–	88,936

29 **Operating segments** (Continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2023 $'000	2022 $'000
Revenue		
Total revenue for reportable segments	**144,462**	150,117
Elimination of inter-segment revenue	**(300)**	(467)
Consolidated revenue	**144,162**	149,650
Profit before tax		
Total profit before tax for reportable segments	**1,524**	2,940
Unallocated amounts	**(828)**	(596)
Elimination of inter-segment profit or loss	**–**	(1,124)
Consolidated profit before tax	**696**	1,220
Assets		
Total assets for reportable segments	**96,113**	101,594
Unallocated amounts	**1,762**	1,746
Elimination of inter-segment assets	**(9,278)**	(9,282)
Consolidated total assets	**88,597**	94,058
Liabilities		
Total liabilities for reportable segments	**83,611**	88,936
Unallocated amounts	**2,574**	3,801
Elimination of inter-segment liabilities	**(13,575)**	(14,206)
Consolidated total liabilities	**72,610**	78,531

Reconciliations of reportable segment other material items

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
2023			
Interest income	**(19)**	**18**	**(1)**
Finance costs	**1,230**	**(4)**	**1,226**
Depreciation and amortisation	**4,509**	**138**	**4,647**
Impairment loss on asset held for sale	**94**	**–**	**94**
Impairment losses on trade receivables and contract assets, including bad debts written-off	**110**	**–**	**110**
Capital expenditure	**568**	**40**	**608***

* *Exclude Right-of-Use assets*

29 Operating segments (Continued)

Reconciliations of reportable segment other material items (Continued)

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
2022			
Interest income	(28)	27	(1)
Finance costs	994	29	1,023
Depreciation and amortisation	6,151	119	6,270
Impairment losses on goodwill	75	–	75
Impairment losses on property, plant and equipment	885	–	885
Impairment losses on trade receivables and contract assets, including bad debts written-off	190	(79)	111
Gain on termination of lease	3,974	–	3,974
Loss on deconsolidation	1,171	–	1,171
Capital expenditure	4,587	151	4,738*

* *Exclude Right-of-Use assets*

Geographical information

The Group operates primarily in Singapore. The reportable revenue is primarily generated from Singapore and the segment assets are based in Singapore.

30 Leases

The Group leases building, warehouse and equipment. The leases typically run for a period ranging from 1 to 30 years, with an option to renew the lease after that date. Lease payments are renegotiated when the contracts end.

The Group leases equipment with contract terms of one to two years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Amounts recognised in profit or loss

	Group	
	2023 $'000	**2022 $'000**
Interest on lease liabilities	**456**	413
Income from sub-leasing right-of-use assets presented in revenue	**–**	1,045
Impairment losses on right-of-use assets	**–**	331
Expenses relating to short-term leases	**1,082**	776

Amounts recognised in statement of cash flows

	2023 $'000	2022 $'000
Total cash outflow for leases	**2,195**	3,753

30 Leases (Continued)

Extension options

Some property leases contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

Operating lease

The Group leases out its leasehold properties and its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2023 was $835,000 (2022: $1,855,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2023	**2022**
	$'000	**$'000**
Less than one year	**538**	533
One to two years	**101**	231
	639	764

31 Contingencies

	Company	
	2023	**2022**
	$'000	**$'000**
Banking facilities for subsidiaries	**40,078**	41,505
Amounts utilised	**(27,939)**	(32,681)

At the reporting date, the Company has issued guarantees to banks with notional amounts of $24,958,000 (2022: $27,645,000), in respect of bank facilities granted to its subsidiaries. These intra-group financial guarantees will expire when the loans have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries, delivery of contracts with customers and suppliers. The Company does not consider it probable that a claim will be made against the Company under the guarantee.

Continuing financial support

The Company has given formal undertakings, which are unsecured, to provide financial support to its subsidiaries. As at 31 December 2023, the net liabilities of these subsidiaries amount to approximately $14,678,000 (2022: $13,594,000).

32 Related parties

Key management personnel compensation

Key management personnel of the Group and the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The Directors and senior management of the Group and the Company are considered as key management personnel.

Key management personnel compensation comprised:

	Group	
	2023	**2022**
	$'000	**$'000**
Short-term employee benefits	**2,377**	2,416
Post-employment benefits (including CPF)	**104**	109
	2,481	2,525

Included in the above is the total compensation to Directors of the Company which amount to $1,269,000 (2022: $1,170,000).

33 Acquisition of subsidiaries

iFocus Pte Ltd

On 25 January 2022, the Company has incorporated a wholly-owned subsidiary, Futura Innovation Pte. Ltd. to acquire 51% of the issued share capital in iFocus Pte Ltd ("**iFocus**") on 27 January 2022 for a consideration of $3,060,000.

Acquisition-related costs

The Group incurred acquisition related costs of $104,000 on legal fees in its acquisition of iFocus. These costs have been included in 'administrative expenses' in profit or loss.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	**$'000**
Property, plant and equipment	4	36
Intangible assets	5	1,551
Cash and cash equivalents		247
Inventories		172
Trade and other receivables		1,133
Trade and other payables		(629)
Contract liabilities	22	(27)
Loans and borrowings	16	(36)
Deferred tax liabilities		(263)
Current tax payable		(18)
Total identifiable net assets		2,166

33 Acquisition of subsidiaries (Continued)

Identifiable assets acquired and liabilities assumed (Continued)

The effects on the cash flows of the Group, at the acquisition date, are as follows:

	$'000
Cash paid	(3,060)
Less: cash and cash equivalents in subsidiary acquired	247
	(2,813)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired are as follows:

Assets acquired	**Valuation technique**
Intangible assets – Order backlog – Customer relationships	Multi-period excess earnings methods

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred in cash	3,060
51% share of fair value of identifiable net assets	(1,105)
Goodwill	1,955

34 Deconsolidation of Natural Cool Investments Pte. Ltd (NCI) and its subsidiary

In 2022, NCI received a letter of demand from solicitors acting for the landlord of 29 Tai Seng Avenue, Singapore 534119, seeking payments for rental arrears. In the letter dated 5 July 2022, the landlord also terminated the lease with NCI and exercised their right to set off the rental arrears against security deposits. As a consequence of the lease termination, right-of-use assets were derecognised and a gain on termination of lease of $3,974,000 was recognised in 2022 (see Note 23). Additionally, the landlord also imposed a claim against NCI of $5,450,000 for unauthorised sub-letting. The Board believes the claim is made without a legitimate basis.

NCI filed a creditors' voluntary winding up and on 2 September 2022. Consequently, control over NCI and its subsidiary has been transferred to the liquidators and consolidation of NCI and its subsidiary ceased with effect from that day. A loss on deconsolidation of $1,171,000 was recognised in 2022 (see Note 24).

SHAREHOLDING STATISTICS

AS AT 18 MARCH 2024

CLASS OF SHARES

Ordinary Shares

NUMBER OF SHARES

250,447,985

NUMBER OF ORDINARY SHAREHOLDERS

The number of ordinary shareholders as at 18 March 2024 is 1,019

VOTING RIGHTS

1 vote for each Ordinary Share held

TREASURY SHARES

Nil

SUBSIDIARY HOLDINGS

Nil

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 43.68% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company are held in the hands of the public as at 18 March 2024. Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has therefore been complied with.

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 18 MARCH 2024

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	90	8.83	1,261	0.00
100 – 1,000	432	42.39	253,199	0.10
1,001 – 10,000	153	15.02	980,602	0.39
10,001 – 1,000,000	320	31.40	33,189,919	13.25
1,000,001 and above	24	2.36	216,023,004	86.26
Total	1,019	100.00	250,447,985	100.00

SHAREHOLDING STATISTICS

AS AT 18 MARCH 2024

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2024

Substantial Shareholder	Shareholdings registered in the name of the substantial shareholder (Direct interest)	Shareholdings in which the substantial shareholder are deemed to be interested (Deemed interest)	Total	Percentage of issued shares
Tsng Joo Peng	17,348,426	–	17,348,426	6.93%
Wong Leon Keat[(1)]	–	23,200,000	23,200,000	9.26%
Ong Mun Wah	27,523,000	–	27,523,000	10.99%
Ng Quek Peng	27,000,000	–	27,000,000	10.78%
Khwaja Asif Rahman[(2)]	10,000,000	27,100,000	37,100,000	14.81%
Chrysses Engineering Singapore Pte. Ltd.[(2)]	27,100,000	–	27,100,000	10.82%
Chrysses Holdings Pte. Ltd.[(2)]	–	27,100,000	27,100,000	10.82%

Notes:

(1) Mr Wong Leon Keat is deemed interested in the 23,200,000 shares held by him and his spouse, Mdm Edi Ng in United Overseas Bank Nominees (Private) Limited.

(2) Chrysses Engineering Singapore Pte. Ltd. is wholly-owned by Chrysses Holdings Pte. Ltd. which in turn is wholly-owned by Khwaja Asif Rahman. By virtue of Section 4 of the Securities and Futures Act 2001, Chrysses Holdings Pte. Ltd. and Khwaja Asif Rahman are deemed interested in the 27,100,000 shares held by Chrysses Engineering Singapore Pte. Ltd..

TOP 20 SHAREHOLDERS AS AT 18 MARCH 2024

NO.	NAME	NO. OF SHARES HELD	%
1	UNITED OVERSEAS BANK NOMINEES PTE LTD	33,878,385	13.53
2	ONG MUN WAH	27,523,000	10.99
3	CHRYSSES ENGINEERING SINGAPORE PTE. LTD.	27,100,000	10.82
4	NG QUEK PENG	27,000,000	10.78
5	TSNG JOO PENG	17,348,426	6.93
6	RAFFLES NOMINEES (PTE) LIMITED	16,329,292	6.52
7	KHWAJA ASIF RAHMAN	10,000,000	3.99
8	CHIA PUAY HWEE	9,261,300	3.70
9	ANG JUI KHOON	6,093,600	2.43
10	VINCENT TAY WEI SIONG (ZHENG WEIXIONG)	6,012,800	2.40
11	DBS NOMINEES PTE LTD	5,845,420	2.33
12	TAN AIK KWONG	4,525,500	1.81
13	LIM & TAN SECURITIES PTE LTD	3,271,000	1.31
14	ONG CHING SHYAN ESTHER	2,479,000	0.99
15	TAN LIH LIH	2,440,000	0.97
16	CHUA KENG HWEE	2,300,000	0.92
17	TAN MEOW NOI	2,297,861	0.92
18	CITIBANK NOMINEES SINGAPORE PTE LTD	2,159,800	0.86
19	MAYBANK SECURITIES PTE. LTD.	2,054,620	0.82
20	HONG BOON YOON	1,800,000	0.72
	Total	209,720,004	83.74

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Natural Cool Holdings Limited (the "**Company**") will be held at 11 Eunos Road 8, Training Room 1-1 (Level 1 Lobby A), Singapore 408601 on Monday, 29 April 2024 at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023 and the Independent Auditor's Report thereon. **[Resolution 1]**

2. To re-elect Mr Tan Siew Bin Ronnie who is retiring by rotation pursuant to Regulation 90 of the Company's Constitution as Director of the Company. **[Resolution 2]**
[See Explanatory Note (a)]

3. To re-elect Mr Choy Bing Choong who is retiring by rotation pursuant to Regulation 90 of the Company's Constitution as Director of the Company. **[Resolution 3]**
[See Explanatory Note (b)]

4. To approve Directors' fees of S$155,000 for the financial year ending 31 December 2024 to be paid monthly in arrears. (2023: S$179,875) **[Resolution 4]**

5. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 5]**

6. To transact any other business that may be transacted at an AGM.

Special Business

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

General mandate to allot and issue new shares

7. "That pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Constitution of the Company, authority be and is hereby given to the Directors of the Company to:

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

   (ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 100 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the aggregate number of Shares to be issued under such circumstances (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above:

(a) the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of this Resolution is passed, after adjusting for:

(aa) new Shares arising from the conversion or exercise of convertible securities;

(bb) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(cc) any subsequent bonus issue, consolidation or subdivision of Shares;

(b) any adjustments made in accordance with sub-paragraphs (2)(a)(aa) or (2)(a)(bb) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution;

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

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier." **[Resolution 6]**
[See Explanatory Note (c)]

General mandate to issue shares under the Natural Cool Employee Share Option Scheme 2017

8. "That pursuant to Section 161 of the Act, the Directors of the Company be authorised and empowered to grant options in accordance with the provisions of the Natural Cool Employee Share Option Scheme 2017 ("**Scheme**") to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that:

(i) the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and

(ii) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier." **[Resolution 7]**
[See Explanatory Note (d)]

General mandate to issue shares under the Natural Cool Performance Share Plan 2019

9. "That pursuant to Section 161 of the Act, the Directors of the Company be authorised and empowered to grant awards in accordance with the Natural Cool Performance Share Plan 2019 ("**Performance Share Plan**") and allot and issue from time to time such number of Shares in the capital of the Company to the holders of awards granted by the Company under the Performance Share Plan established by the Company upon the vesting of such share awards in accordance with the terms and conditions of the Performance Share Plan, provided always that the aggregate number of Shares issued and/or issuable pursuant to the Scheme, the Performance Share Plan and any other share based incentive schemes of the Company shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusions of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier." **[Resolution 8]**
[See Explanatory Note (e)]

By Order of the Board

Teng Gek Chui
Company Secretary
12 April 2024

Singapore

Explanatory Notes:

(a) Mr Tan Siew Bin Ronnie ("**Mr Tan**"), if re-elected, will remain as the Independent Non-Executive Director of the Company and a member of the Audit and Risk Committee and Remuneration Committee and will also continue to remain as the Chairman of the Nominating Committee. Mr Tan will be considered as an Independent Director of the Company for the purposes of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information of Mr Tan is set out on pages 86 to 91 of the Company's Annual Report.

(b) Mr Choy Bing Choong ("**Mr Choy**"), if re-elected, will remain as the Executive Chairman of the Company. Pursuant to Rule 720(5) of the Catalist Rules, further information of Mr Choy is set out on pages 86 to 91 of the Company's Annual Report.

(c) The ordinary resolution 6 set out in item 7 above, if passed, will empower the Directors from the date of this AGM until the date of the next AGM or the date by which the next AGM is required by law to be held or such authority is revoked or varied by the Company in general meeting, whichever is earlier, to allot and issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments up to an aggregate number not exceeding 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings in the capital of the Company, with a sub-limit of 50% for issues other than on a pro-rata basis. For determining the aggregate number of Shares that may be issued the total number of issued Shares excluding treasury shares and subsidiary holdings shall be calculated based on the total number of issued Shares excluding treasury shares and subsidiary holdings at the time of this ordinary resolution 6 above is passed after adjusting for new Shares arising from the conversion or exercise of convertible securities, share options or vesting of share awards which are outstanding or subsisting at the time this ordinary resolution 6 above is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(d) The ordinary resolution 7 set out in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is earlier, to issue from time to time such number of fully-paid Shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(e) The ordinary resolution 8 set out in item 9 above, if passed, will empower the Directors of the Company, to allot and issue such number of fully-paid Shares upon the vesting of such awards in accordance with the provisions of the Performance Share Plan.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. **The members of the Company are invited to attend physically at the AGM. There will be no option for the members to participate virtually.**

2. The Notice of AGM, Proxy Form, Request Form and the Annual Report for the financial year ended 31 December 2023 (the "**Annual Report 2023**") will be sent to members by electronic means via publication on the Company's website at the URL http://investor.natcool.com/latest_news.html and is also made available on SGX website at the URL https://www.sgx.com/securities/company-announcements. **Printed copies of the Annual Report 2023 will NOT be despatched to members. Only the hardcopies of Notice of AGM, Proxy Form and Request Form will be sent to members by post.** Members who wish to obtain a printed copy of the Annual Report 2023 should complete the Request Form and return it to the Registered Office of the Company at 87 Defu Lane 10, #06-01, Singapore 539219 or via email to AGM@natcool.com, no later than 10.00 a.m. on 22 April 2024.

3. Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM, to the Company's Investor Relations team via email at AGM@natcool.com by 10.00 a.m. on 20 April 2024. The Company will endeavour to address such substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the SGX's and Company's website by 10.00 a.m. on 24 April 2024. After the cut-off time for the submission of questions, if there are substantial and relevant questions received, the Board may address them at the AGM.

4. Members may wish to appoint his/her proxy/proxies to attend the AGM on their behalf. A proxy need not be a member of the Company. The accompanying proxy form for the AGM may be downloaded from the Company's website at the URL http://investor.natcool.com/latest_news.html, and from the SGX website at the URL https://www.sgx.com/securities/company-announcements.

5. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days (17 April 2024) before the AGM.

6. Members must submit the completed proxy form in the following manner:

   (a) if submitted by post, be deposited at the Company's Registered Office at 87 Defu Lane 10, #06-01, Singapore 539219; or

   (b) if submitted electronically, be submitted via email to AGM@natcool.com,

   in each case, by **10.00 a.m. on 26 April 2024**, being no later than 72 hours before the time set for the AGM. Any incomplete proxy forms will be rejected by the Company.

7. Members who wish to submit the proxy form by post or via email, must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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NATURAL COOL HOLDINGS LIMITED

(Company Registration No. 200509967G)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) should approach their CPF and/or SRS Approved Nominees to make the necessary arrangement at least seven (7) working days before the AGM (i.e.17 April 2024) should they wish to attend or exercise their voting rights. CPF Investor and/or SRS Investor may attend and cast his vote(s) at the Meeting in person if they have been appointed as proxy by the CPF and/or SRS Approved Nominees. CPF Investor and SRS Investor who are unable to attend the Meeting, but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF Investor and SRS Investor shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We* ______________________ (Name) NRIC/Passport No./Co. Registration No.* ______________________

of ____ (Address)

being a member/members* of NATURAL COOL HOLDINGS LIMITED (the "**Company**") hereby appoint:

Name	**NRIC/Passport No./Co. Registration No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

and/or*

Name	**NRIC/Passport No./Co. Registration No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her*, the Chairman of the Meeting, as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company to be held at 11 Eunos Road 8, Training Room 1-1 (Level 1 Lobby A), Singapore 408601 on Monday, 29 April 2024 at 10.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote "for" or "against" the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

Voting will be conducted by poll. Please indicate with a tick [√] in the "FOR", or "AGAINST" OR "ABSTAIN" box provided in respect of that resolution. Alternatively, please insert the relevant number of shares "FOR", or "AGAINST" OR "ABSTAIN" in the "FOR", or "AGAINST" OR "ABSTAIN" box provided in respect of that resolution.

No.	**ORDINARY RESOLUTIONS**	**For**	**Against**	**Abstain**
	Ordinary Business:			
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023 and the Independent Auditor's Report thereon.			
2.	To re-elect Mr Tan Siew Bin Ronnie who is retiring by rotation pursuant to Regulation 90 of the Company's Constitution as Director of the Company.			
3.	To re-elect Mr Choy Bing Choong who is retiring by rotation pursuant to Regulation 90 of the Company's Constitution as Director of the Company.			
4.	To approve Directors' fees of S$155,000 for the financial year ending 31 December 2024 to be paid monthly in arrears. (2023: S$179,875)			
5.	To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
	Special Business:			
6.	Authority to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual (Section B: Rules of Catalist).			
7.	Authority to allot and issue shares under the Natural Cool Employee Share Option Scheme.			
8.	Authority to allot and issue shares under the Natural Cool Performance Share Plan.			

Dated this __________ day of ______________ 2024.

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, 2001), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company, is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. A member may also appoint the Chairman of the Meeting as his/her/its proxy. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy, failing which the appointment of Chairman of the AGM as proxy for that specific resolution will be treated as invalid.

6. Subject to note 10, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be:

   (a) if submitted by post, be deposited at the Company's Registered Office at 87 Defu Lane 10, #06-01, Singapore 539219; or

   (b) if submitted electronically, be submitted via email to AGM@natcool.com,

   in each case, by **10.00 a.m. on 26 April 2024**, being no later than 72 hours before the time set for the AGM. Any incomplete proxy forms will be rejected by the Company.

8. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

10. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) should approach their CPF and/or SRS Approved Nominees to make the necessary arrangement at least seven (7) working days before the AGM (i.e.17 April 2024) should they wish to attend and/or exercise their voting rights. CPF Investor and SRS Investor may attend and cast his vote(s) at the Meeting in person if they have been appointed as proxy by the CPF and/or SRS Approved Nominees. CPF Investor and SRS Investor who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF Investor and SRS Investor shall be precluded from attending the Meeting.

   * "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 as:

   (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services license to provide custodial services for securities under the Securities Futures Act 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2024.

GENERAL

The Company shall be entitled to reject the instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instruments contained in the instrument. The Company may also reject any instrument of proxy or proxies where the appointor is not shown to have shares in the Company entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by the Central Depository (Pte) Limited to the Company.

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Natural Cool Holdings Limited
Company Registration No.: 200509967G

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Singapore 539219
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Website: https://natcool.com