

MULTI-CHEM LIMITED

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

RESPONSE TO QUERIES ON THE UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 30 JUNE 2023

The Board of Directors of Multi-Chem Limited (“**the Company**”) together with its subsidiaries **the “Group”**) refer to the queries raised by the Singapore Exchange Regulation (“SGX RegCo”) on 25 September 2023 relating to the Company’s Unaudited Financial Statements and Dividend announcement for the financial period from 1 January 2023 to 30 June 2023 (“1H2023”) released by the Company on 4 August 2023. The Company’s response is as follow:

Question

The Group reported an increase in its “Trade receivables” under its non-current assets from S\$11,821,000 as at 31 December 2022 to S\$13,158,000 as at 30 June 2023. In this regard, please disclose:

- (a) The nature and breakdown of the Group’s trade receivables in its non-current assets;
- (b) The underlying transactions and terms of the transactions (including contract sum) and payment terms of the underlying contracts;
- (c) Aging of the Group’s trade receivables;
- (d) The Group’s plans to recover these trade receivables; and
- (e) The Board’s assessment on the recoverability of these trade receivables.

Company’s Response

- (a) The nature and breakdown of the Group’s trade receivables in its non-current assets;

	Group	
	30-06-2023	31-12-2022
	\$’000	\$’000
Non-current assets		
Trade receivables – third parties	13,158	11,821

The Group’s trade receivables in its non-current assets are on scheduled billing arrangement.

- (b) The underlying transactions and terms of the transactions (including contract sum) and payment terms of the underlying contracts;

Non-current trade receivables due from third parties are measured at transaction price, net of financing component, when performance obligations on revenue contracts with customers were satisfied by the Group and the receivables are on scheduled billing arrangement. The amount is unsecured, non-interest bearing and is expected to be settled within 2 to 4 years (2022: 2 to 6 years).

(c) Aging of the Group's trade receivables;

	Group	
	30-06-2023	31-12-2022
	\$'000	\$'000
Current	111,333	114,985
Past due 0 to 1 month	25,279	16,046
Past due 1 to 2 months	7,997	9,685
Past due 2 to 5 months	9,058	7,543
Past due over 5 months	3,332	3,775
Total	<u>156,999</u>	<u>152,034</u>
Trade receivables are present in:		
Non-current assets	13,158	11,821
Current assets	<u>143,841</u>	<u>140,213</u>
	<u>156,999</u>	<u>152,034</u>

(d) The Group's plans to recover these trade receivables;

The Group is working closely with customers and vendors to recover the trade receivables. As at 1 August 2023, the Group has recovered 35% of the trade receivables as at 30 June 2023.

(e) The Board's assessment on the recoverability of these trade receivables.

Management does not expect significant credit losses arising from the Group's trade receivables as at 30 June 2023 except for the uncertainty over the credit-impaired trade receivables amounting to \$1,651,000 and lifetime expected credit losses allowance had been recognised.

The Board concurs with Management's assessment.

By Order of the Board

Han Juat Hoon
Director

27 September 2023