MultiChem
The Hole Solution Provider

ADVANCING
into a New Age of Cyber Security & Network Performance

ANNUAL REPORT 2022

THE MULTI-CHEM GROUP'S BUSINESS

Multi-Chem has been engaged as a value added supplier to PCB manufacturers for more than three decades.

Multi-Chem, through the M.Tech Group, has been engaged in the distribution of IT products since 2002. The M.Tech Group is a leading regional cyber security and network performance products value added distributor, carrying best-of-breed products from industry leading vendors and with a presence in 28 cities in 15 countries. Today, this is the main business for the Group and contributes more than 99% to the Group's revenue.

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DEFINITIONS

In this Annual Report, the following definitions apply throughout where the context so admits:

	"Group"	The Company and its subsidiaries
	"Multi-Chem"or "Company"	Multi-Chem Limited
	"M.Tech"	One or more of the M.Tech / M-Security / E-Secure companies
	"E-Secure"	One or more of the E-Secure companies
SUBSIDIARIES	**"E-Secure Singapore"**	E-Secure Asia Pte. Ltd.
	"E-Secure Thailand"	E-Secure Asia Co., Ltd.
	"M.SaaS Solutions"	M.SaaS Solutions Pte. Ltd.
	"M.SaaS Lanka"	M.SaaS Lanka (Private) Limited
	"M.Tech Australia"	M.Tech Products Aust Pty Limited
	"M.Tech Holdings"	M.Tech Holdings Pte. Ltd.
	"M.Tech Hong Kong"	M.Tech Products (HK) Pte Limited
	"M.Tech India"	M.Tech Solutions (India) Private Limited
	"M.Tech Indochina"	M-Security Technology Indochina Pte. Ltd.
	"M.Tech Indonesia"	PT. M.Tech Products
	"M.Tech Japan"	M.Tech Products Japan Kabushiki Kaisha
	"M.Tech Korea"	M.Tech Products Korea Limited Liability Company
	"M.Tech Malaysia"	M-Security Technology Sdn. Bhd.
	"M.Tech Myanmar"	M.Tech Products Myanmar Ltd.
	"M.Tech New Zealand"	M.Tech Products New Zealand Limited
	"M.Tech Philippines"	M.Tech Products Philippines, Inc.
	"M.Tech Shanghai"	M.Tech (Shanghai) Co., Ltd.
	"M.Tech Singapore"	M.Tech Products Pte Ltd
	"M.Tech Taiwan"	M.Tech Products TW Pte. Ltd.
	"M.Tech Thailand"	M-Solutions Technology (Thailand) Co., Ltd.
	"M.Tech UK"	M.Tech Products (UK) Pte Ltd
	"M.Tech Vietnam"	M-Security Technology Vietnam Company Limited
	"M-Security Philippines"	M-Security Tech Philippines Inc.
	"SecureOneAsia"	SecureOneAsia Pte. Ltd.
	"SecureOne India"	SecureOne India Holding Pte. Ltd.
OTHER TERMS	**"ARMC"**	Audit and Risk Management Committee
	"Board"	Board of Directors
	"CNC"	Computer numeric controlled
	"FY"	Financial year
	"IT"	Information technology
	"M"	Million
	"NC"	Nominating Committee
	"PAT"	Profit after tax
	"PBT"	Profit before tax
	"PCB"	Printed circuit board
	"RC"	Remuneration Committee
	"WAN"	Wide area network

CORPORATE PROFILE

Multi-Chem is a distributor of specialty chemicals and materials to PCB manufacturers. Incorporated in 1985, Multi-Chem was listed on SESDAQ in January 2000 and upgraded to the Main Board of The Singapore Exchange in November 2000. In May 2002, we diversified into the business of IT distribution.

In May 2002, we diversified into the business of IT distribution where we focus on best-of-breed cyber security, WAN optimisation and network management products from industry leading vendors. We are a leading cyber security and network performance solutions provider and we selectively partner with market leading vendors who are established in their respective domains. Together, we cover a broad spectrum of today's security and network performance requirements.

Through Multi-Chem's subsidiaries under the M.Tech umbrella, our IT business has expanded in both product range and geographical coverage since inception and now spans Singapore, Australia, Greater China (including Hong Kong and Taiwan), India, Indonesia, Japan, Korea, Malaysia, Myanmar, New Zealand, Philippines, Sri Lanka, Thailand, United Kingdom and Vietnam.

We started IT training business in Singapore in late second quarter of 2004 to complement the IT distribution business. We are currently authorised to conduct training for Allot, Check Point and Symantec (a division of Broadcom) courses.

Today, the Group comprises the Company, 25 subsidiaries, 2 representative offices, 6 branches and 6 offices, with a staff strength of over 700.

CORPORATE DATA

BOARD OF DIRECTORS

Lim Keng Jin *Chairman*
Foo Suan Sai *CEO*
Han Juat Hoon
Wong Meng Yeng
Neo Mok Choon
Foo Maw Shen
Foo Fang Yong

COMPANY SECRETARY

Chan Lai Yin

AUDIT AND RISK MANAGEMENT COMMITTEE

Neo Mok Choon *Chairman*
Lim Keng Jin
Foo Maw Shen
Wong Meng Yeng

NOMINATING COMMITTEE

Wong Meng Yeng *Chairman*
Foo Suan Sai
Lim Keng Jin
Foo Maw Shen
Neo Mok Choon

REMUNERATION COMMITTEE

Lim Keng Jin *Chairman*
Wong Meng Yeng
Neo Mok Choon
Foo Maw Shen

REGISTERED OFFICE

18 Boon Lay Way, #05-113,
Tradehub 21, Singapore 609966
Tel : (65) 6863 1318
Fax: (65) 6863 1618

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

SHARE LISTING

The Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited since November 2000

INDEPENDENT AUDITOR

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778
Partner-in-charge: Lee Kuang Hon
Appointment since the financial year ended 31 December 2020

INTERNAL AUDITOR

Yang Lee & Associates
10 Anson Road #31-03
International Plaza
Singapore 079903

PRINCIPAL BANKERS

Citibank N.A.
DBS Bank Ltd
HSBC Limited
United Overseas Bank Limited

IR CONTACT

18 Boon Lay Way, #05-113,
Tradehub 21, Singapore 609966
Tel : (65) 6863 1318
Fax: (65) 6863 1618
E-mail: irmultichem@multichem.com.sg

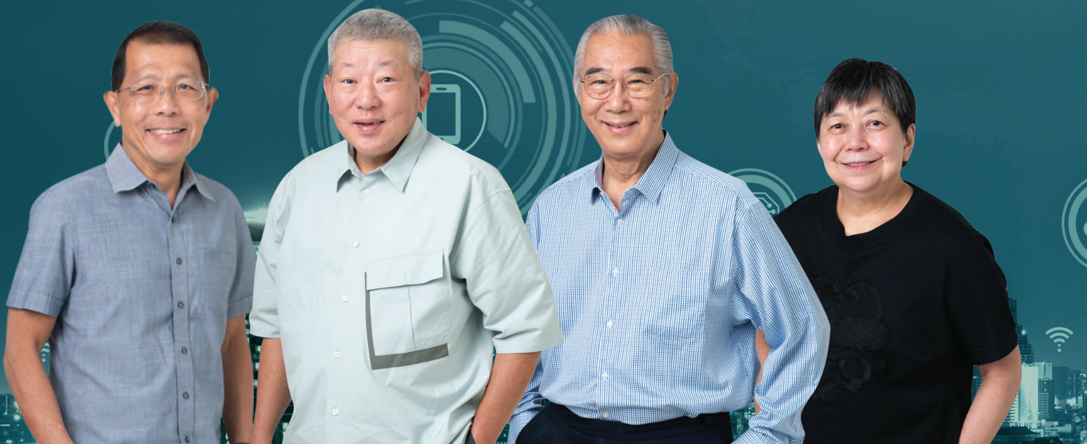
GENERAL

For further information about Multi-Chem, please contact the secretariat at the registered office

E-mail:
salesmultichem@multichem.com.sg
sales@mtechpro.com

Websites:
http://www.multichem.com.sg
http://www.mtechpro.com

BOARD OF DIRECTORS



Wong Meng Yeng Foo Suan Sai Lim Keng Jin Han Juat Hoon

LIM KENG JIN

Chairman, Independent Director, Chairman of RC, Member of ARMC and NC

Mr Lim was appointed as a Director of the Company in April 2005. He was a Fellow of the Institute of Chartered Accountants of England and Wales, and had worked as an auditor and accountant before he moved out into the stock brokering industry. He was a Director of a local stock brokering company, and retired from it when that company was sold. Today Mr Lim is working as a Dealer Representative.

FOO SUAN SAI

Chief Executive Officer and Member of NC

Mr Foo, one of the founding shareholders of Multi-Chem, has more than 30 years of experience in the PCB industry, of which the last 34 years were spent building up the Company. Mr Foo is currently responsible for the overall direction and development of the Group. He holds a Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.

HAN JUAT HOON

Chief Operating Officer

Mdm Han is a founding shareholder of Multi-Chem. She has been a Director of the Company since 1987 and commenced working in an executive capacity with the Company in 1992. Mdm Han is well versed in factory operations, having held the appointment of factory manager with a chemical company for 12 years from 1980 to 1992. She is responsible for the overall operations of the Group. Mdm Han holds a Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.

WONG MENG YENG

Independent Director, Chairman of NC, Member of ARMC and RC

Mr Wong was appointed as a Director in January 2000. He has been an advocate and

BOARD OF DIRECTORS

Foo Fang Yong Neo Mok Choon Foo Maw Shen

solicitor in Singapore for 39 years, with the past 33 years spent as a corporate lawyer. He holds a Bachelor of Law (Hons) degree from the National University of Singapore. He is currently a director in Alliance LLC, a law corporation he co-founded.

NEO MOK CHOON

Independent Director, Chairman of ARMC, Member of NC and RC

Mr Neo was appointed as a Director in August 2012. He has more than 20 years of experience in the PCB industry. He holds a Bachelor of Engineering (Chemical) degree from the National University of Singapore and was Vice President (Operations, Asia Pacific) of Bredero Shaw (Singapore) Pte Ltd.

FOO MAW SHEN

Independent Director, Member of ARMC, NC and RC

Mr Foo was appointed as a Director in July 2014. He has 30 years of extensive experience in commercial litigation, with particular emphasis on restructuring, insolvency litigation, shareholders' disputes, commercial fraud, trust laws and international trade disputes. He is currently the Managing Director at FC Legal Asia LLC.

FOO FANG YONG

Executive Director, General Manager

Mr Foo was appointed as a Director in May 2015. Mr Foo joined the Company's subsidiary, M.Tech Products Pte Ltd in Year 2011 as an I-Security Engineer after completing his Honours Degree in Bachelor of Engineering (Computer Engineering) from National University of Singapore. He subsequently moved to the position of Product Manager in May 2012. At the same time, he attained RSA SecurID Certified Systems Engineer in Year 2011 and Blue Coat Certified ProxySG Professional, Sourcefire Certified Expert (SFCE) v5 and Riverbed Certified Solutions Professional WAN Optimization in Year 2012.

MANAGEMENT TEAM

Koh Henry

Director - Business Operations

Mr Koh holds a Bachelor's degree in Mechanical & Production Engineering from the Nanyang Technological University. He joined the Company as a Service Engineer in May 2000 after completing his university education. He worked his way up from QA & Process Manager to Senior Manager (Operations), overseeing the operation in the Manufacturing Services Division, which include quality assurance and production. He was promoted to Director — Business Operations and currently oversees the Business Operations for IT Business.

Pui Boon Tiong Eugene

Regional Director

Mr Pui worked as an engineer with local PCB manufacturers, Motorola Electronics Pte Ltd and WUS Printed Circuits Pte Ltd prior to joining the Company in December 1999. He worked his way up in Multi-Chem from Assistant Production Manager to Operations Manager before being named Regional Director. He currently oversees business development for various countries within IT business.

Goh Tian Keong Winston

Regional Director of China

Mr Goh has been responsible for the IT business development of M.Tech business in China for the past 18 years. He was promoted to Regional Director of China and is responsible for the IT business development in China. Prior to joining Multi-Chem in Year 2004, he worked in various IT companies for 6 years. He started as Senior Network Specialist and progressed to Senior Business Development Manager.

Zhang Xiaowen Amanda

Financial Controller

Ms Zhang has been with the Company since July 2013, where she joined as an Assistant Finance Manager and was promoted to Senior Regional Finance Manager and subsequently Financial Controller, a position she currently holds. She is in-charge of the Group's financial reporting, finance and tax functions and works closely with internal and external auditors, tax agent and the bankers in performing her role.

LETTER TO SHAREHOLDERS

FOO SUAN SAI
Chief Executive Officer

The Group's revenue achieved new heights in year 2022 as we brought in $617M in revenue, an increase of $13M, as compared to $604M in year 2021. This boost in the Group's performance was mainly due to the continued expansion of the Group's IT arm, the increase in spending by corporations and government on cyber security products in year 2022.

DEAR SHAREHOLDERS

Over the past few years, cyber security has become a major concern for businesses around the globe. However, despite growing attention and budgets for cyber security in recent years, attacks have only become more common and more severe. While threat actors are becoming increasingly sophisticated and organized, this is important for what organizations can do to stay secure. Persistent heightened threat levels will keep cyber security as a high priority for many companies and businesses.

The Group's Financial Performance

We are pleased to announce that notwithstanding the pandemic and the associated challenges, the Group recorded revenue of $617M in 2022, which was 2% more than $604M achieved in 2021. The increase in Group's revenue for the year was mainly due to the positive contributions from IT business, arising from the increased reliance on digital technologies affected by the COVID-19 pandemic and the increase in customer demand.

Revenue from the PCB business accounted for less than 1% of Group's revenue in 2022. The PCB business decreased marginally by 5% or $100,000 as compared to 2021, primarily due to lower customer demand in 2022.

As of 31 December 2022, the Group had 7 CNC drilling machines in Singapore.

Comparing revenue by geographical segments, 44% of the Group's revenue in 2022 was derived from Singapore, an increase from 41% in 2021. Of the remaining 56%, Australia accounted for 8%, Greater China accounted for 8%, India accounted for 10% and the rest of the regions accounted for the remaining 30%.

The Group recorded a profit before tax of $25.6M in 2022 compared to $35.9M in 2021, a decrease of 29%. On an after-tax basis, the Group recorded a profit of $20.0M in 2022 as compared to $27.3M in 2021. On a weighted average basis, the Group's earnings per share decreased from 27.70 cents in 2021 to 22.20 cents in 2022. The decrease in profit was mainly due to the decrease in gross profit, increase in allowance made for inventory obsolescence and net foreign exchange loss, net off the increase in reversal of allowance on third party trade receivables and interest income.

The Directors are pleased to recommend a final tax exempt (one-tier) dividend of 11.10 cents (Singapore) per ordinary share for 2022.

Financial Position

As of 31 December 2022, the net working capital of the Group stood at $119M, compared to $111M as at 31 December 2021. This included cash and bank balances of $70M. Shareholders' funds and net asset value per share stood at approximately $137M and 152 cents respectively as at 31 December 2022.

Business Outlook

The IT business was the Group's main business in 2022, accounting for 99% of the Group's revenue. This business commenced in 2002 and is marketed under the M.Tech brand. We expect the IT business to remain the Group's main business in the near future as corporations and policy makers increasingly recognize the need to strengthen their cybersecurity infrastructure. We are optimistic that this will augur well for the Group, given our wide geographical coverage and strategy of promoting cutting edge IT products.

The Group will continue to focus on growing the IT business. Economic and political conditions are still key factors in determining

LIM KENG JIN
Group Chairmain

the level of IT spending. The Group will continue to focus on the distribution of only the top names in IT security products, and will continue to look for suitable products to add to its range.

While IT security continues to be the main focus of M.Tech, the Group also carries complementary products in the areas of SD-WAN and network management. It will continue to rationalize and be selective of its existing IT product range. Besides the IT products distributed by the Group, the Group is also authorized to provide certified IT training courses for Allot, Check Point and Symantec (a division of Broadcom).

The Group has a presence in 28 cities in 15 countries in Asia Pacific Region and Europe. The M.Tech regional offices are expected to contribute positively to the Group's business in 2023.

Sustainability Matters

We reaffirm our commitment to sustainability with the publication of our sustainability report prepared in accordance with the Global Reporting Initiative ("GRI") Standards and Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules 711 (A) and 711 (B). As part of our continual efforts to align our sustainability reporting with relevant market standards, we have also 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"), that has provided a shared blueprint for peace and prosperity for people and the planet, now and into the future. We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosure ('TCFD") and have made some relevant climate-related financial disclosures. This sustainability report provides insights into the way we do business, while highlighting our environmental, social, governance ("ESG") factors as well as Economic Performance and Customer Experience factors.

The global inflationary pressures, Russian-Ukraine conflict and the continual impact of COVID-19 in China weighed on global economic activity in 2022, and the first two factors will be likely to have further impact on 2023. On the backdrop of these macroeconomic and geopolitical issues, while we remain committed to create sustainable value for our key stakeholders, we will be keeping vigilant on global developments and to stay nimble in response to these challenges. We believe that our proactive business initiatives, operational track record and financial position will collectively tide us over these uncertain times and allow us to stay on course in our sustainability journey.

Appreciation

On behalf of the Board of Directors, we wish to thank the staff and management of the Group for their commitment and dedication during the past years. Special thanks go to the colleagues on the Board for their strong support and positive contribution. We would also like to express our sincere appreciation to our shareholders, suppliers, customers and business partners for their invaluable support.

We aspire to the Group achieving greater heights in 2023.

Lim Keng Jin
Group Chairman

Foo Suan Sai
Chief Executive Officer

SUSTAINABILITY REPORT

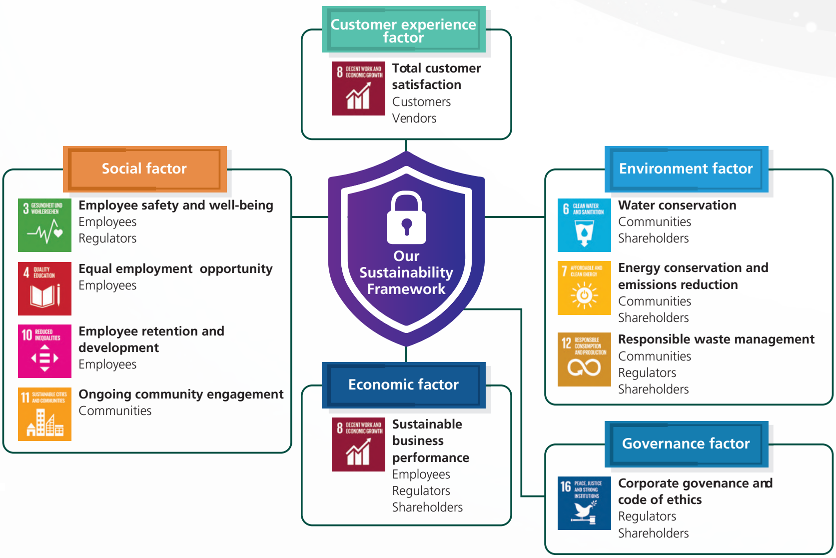
1. Board statement

We reaffirm our commitment to sustainability with the publication of this sustainability report ("Report"). For this Report, we provide insights into the way we do business, while highlighting our ESG factors, economic performance and customer experience (collectively as "Sustainability Factors").

We are committed to strike a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure a long-term future of Multi-Chem Limited (the "Company") and its subsidiaries (the "Group"). In line with our commitment, the Board of Directors ("Board") having considered Sustainability Factors as part of its strategic formulation, determined the material Sustainability Factors and oversees the management and monitoring of the material Sustainability Factors.

A sustainability policy ("SR Policy") covering our sustainability strategies, sustainability governance structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been put 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 material 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 communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("SDGs" or "Global Goals") and is primarily driven by the concerns of our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:



SUSTAINABILITY REPORT

An overview of our key sustainability performance in FY2022 is as follows:

Sustainability Factor	Performance indicator	Sustainability performance FY2022	FY2021
Customer experience	Number of product brands under distribution	More than 70	More than 70
Economic	Economic value generated[1]	$619.1 million	$606.9 million
	Operating costs[2]	$543.5 million	$526.8 million
	Employee benefits expenses	$40.2 million	$39.6 million
	Payments to providers of capital[3]	$12.6 million	$10.2 million
	Tax to governments	$9.8 million	$11.7 million
Environmental	Percentage of technological equipment for disposal that is handled by licensed waste collectors	100%	100%
	Greenhouse Gas ("GHG") emissions (tonnes CO_2e)[4]	378	365
	GHG emissions intensity (tonnes CO_2e/ square foot)	0.0057	0.0056
	Water consumption intensity (Cu M/ total number of employees)	5.8	4.9
Social	Number of reported incidents of unlawful discrimination against employees	-	-
	Number of workplace fatalities	-	-
	Number of high-consequence[5] work-related injuries	-	-
	Number of recordable work-related injuries	-	-
	Number of recordable work-related ill-health	-	-
	Overall turnover rate	24%	19%
Governance	Number of incidents of serious offence[6]	-	-

1 Economic value generated includes revenue, other income and interest income net of government grant and unrealised gains.

2 Operating costs include cash payments to suppliers and contractors; net off employee-related costs.

3 Payments to providers of capital include dividends to all shareholders and interests paid.

4 GHG emissions from electricity purchased by the Group (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.

5 High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.

6 A serious offence is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence 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.

SUSTAINABILITY REPORT

The near-term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. With the current inflation peaking, rising interest rates and the Russian-Ukraine conflict, the global economic outlook remains uncertain which in turn will affect the Group's business. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group's business.

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion. We will also be selective of the products we carry so as to be able to do the best for the principals that we represent.

2. Our Business

We operate two businesses comprising the IT and printed circuit board ("PCB") business as follows:

2.1 Value chain

IT business

We are a leading cyber security and network performance solutions provider. We work with leading vendors to bring optimal solutions to the market through a channel of reseller partners. Tapping on our strong network of subsidiaries, the products are sold through resellers, to a diverse pool of end-users which include Fortune 500 companies and small and medium enterprises.

As part of our value add to our customers, we provide maintenance and professional services such as on-site deployment and software upgrades. In addition, through our education services division, we conduct certified IT training courses for our customers to raise their awareness and technical knowledge.

Our Vendors

Vendors for the following solutions:
- Cybersecurity across network, cloud and application
- Network performance
- Enterprise data centre
- Unified endpoint management

Our Operations

- Distribution of IT security products
- Provide maintenance and professional services
- Provision of certified IT training courses

Our Customers

- Resellers
- End-users

PCB business

We distribute PCB related products and equipment to PCB manufacturers and provide machine rental services.

SUSTAINABILITY REPORT

Our Suppliers
Suppliers of PCB-related products and equipment ("PCB Products and Equipment")

Our Operations
- Distribution of PCB Products and Equipment
- Machine rental

Our Customers
- PCB manufacturers

2.2 People

As at 31 December 2022, the total number of employees by region are as follows:

Singapore	Greater China[7]	Australia	India	Others	Total
Full-time employees[8]					
203	51	14	103	247	618

3. Reporting framework

This Report has been prepared in accordance with 711A and 711B of the Singapore Exchange Securities Trading Limited ("SGX-ST") listing rules. The Company has reported in accordance with the Global Reporting Initiative ("GRI") Standards for the period 1 January 2022 to 31 December 2022. We have chosen to report using the GRI framework as it is an internationally recognised reporting framework. The GRI content index can be found in Appendix 2 of this Report.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 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 have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") in our climate-related disclosure.

We have relied on internal data monitoring and verification to ensure accuracy for this Report. Internal review on the sustainability reporting process has been performed during the Reporting Period and we will work towards external assurance for our future sustainability reports.

SUSTAINABILITY REPORT

4. Reporting scope

This Report is applicable for the Group's financial year ("FY") ended 31 December 2022 ("FY2022" or "Reporting Period") and a report will be published annually in accordance with our SR Policy.

This Report covers the following key operating entities within the IT business, our core business, which contributed to approximately 92% (FY2021: 87%) of the total revenue for the Reporting Period:

S/N	Entity	S/N	Entity
1	Multi-Chem Limited	7	M.Tech Products Aust Pty Limited
2	M.Tech Holdings Pte. Ltd. ("M. Tech")	8	PT. M.Tech Products
3	M-Security Technology Sdn. Bhd.	9	M.Tech Solutions (India) Pvt Ltd
4	M-Solutions Technology (Thailand) Co., Ltd.	10	M.Tech Products (HK) Pte Limited
5	M.Tech (Shanghai) Co., Ltd.	11	M-Securities Technology Indochina Pte. Ltd
6	M.Tech Products Pte Ltd ("MTSG")		

Given the expanded reporting scope in FY2022, certain data-points for prior years have been restated to facilitate comparison.

5. Feedback

We welcome feedback from all stakeholders on this Report. You may send related questions, comments, suggestions or feedback to our investor relations email account: irmultichem@multichem.com.sg.

6. Stakeholder engagement

Through an internal stakeholder mapping exercise, we have identified key stakeholder groups which we prioritise our engagements with. These include entities or individuals that have an interest that are affected or could be affected by our activities.

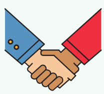
Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and vendors. Key stakeholders are determined for each material Sustainability Factor identified, based on the extent of which they can affect or are affected by operations of the Group.

7 Including Hong Kong and Taiwan.

8 Entities covered in this Report did not employ part-time employees.

SUSTAINABILITY REPORT

We actively engage our key stakeholders through the following channels:

S/N	Key stakeholder	Engagement channel	Frequency of engagement	Key concern raised by stakeholder
1	Communities 	Community campaigns	Regularly	• Social inclusion • Environmental initiatives
2	Customers 	• Meetings and visits • Events such as exhibitions • Phone calls	Ongoing	• Product diversity • Customer service
3	Employees 	• Meetings and talks held by the Management • Emails	Ongoing	• Career development and training opportunities • Work-life balance • Job security • Remuneration • Workplace health and safety
		Staff evaluation sessions	Yearly	
4	Regulators 	Consultations and briefings organised by key regulatory bodies such as Singapore Stock Exchange and relevant government agencies/bodies	As and when required	• Corporate governance • Workplace health and safety
5	Shareholders 	• Annual general meeting • Annual reports	Annually	• Sustainable business performance • Market valuation • Dividend payment • Corporate governance
		Results announcement	Half-yearly	
		Dedicated email account for investor relations	Ongoing	
6	Vendors 	• Meeting and visits • Email communications • Phone calls • Events such as vendor conferences	Ongoing	• Ability to distribute products • Maintain and expand brand presence • Maximise end customers' satisfaction

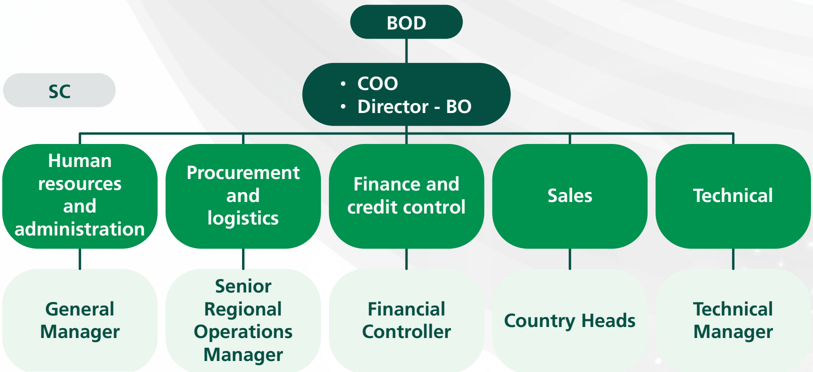
Through the above channels, we seek to understand the views of key stakeholders, communicate effectively with them and respond to their concerns.

SUSTAINABILITY REPORT

7. Policy, practice and performance reporting

7.1 Sustainability governance structure

The Board advises and supervises the development of our sustainability strategy and performance targets. Our sustainability strategy is spearheaded by the Sustainability Committee ("SC") which is led by our Director – Business Operations ("Director – BO") and assisted by the Financial Controller. The SC comprises representatives from key Group functions and is primarily responsible for performing materiality assessment, considering stakeholders' priorities, setting targets, as well as collecting, verifying, monitoring and reporting performance data for this Report. Our Chief Operating Officer ("COO") plays an leading role in the SC on the formulation and implementation of sustainability strategies.



7.2 Sustainability reporting processes

Under our SR policy, our sustainability 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 material Sustainability Factors disclosed in this Report.

SUSTAINABILITY 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.

Assessment
Assess the significance of impacts.

Prioritisation
Prioritise the most significant impacts to determine the material Sustainability Factors for reporting.

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

7.3 Materiality assessment

The materiality assessment considers the likelihood of the occurrence of potential negative and positive impacts ("Likelihood of Impact") and significance of impacts on the economy, environment, people and their human rights, which in turn can indicate its contribution to sustainable development ("Significance of Impact").

7.4 Performance tracking and reporting

We track the progress of our material 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 capture systems. The sustainability trends can be found in Appendix 1.

8. Material factors

In FY2022, a materiality assessment was conducted by the SC. Through the materiality assessment, factors material to the sustainability of our business were updated. In this Report,

SUSTAINABILITY REPORT

we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

Presented below are a list of Sustainability Factors applicable to our Group:

List of material Sustainability Factors

S/N	Material factor	SDG	Key stakeholder
Customer experience			
1	Total customer satisfaction	Decent work and economic growth	• Customers • Vendors
Economic			
2	Sustainable business performance	Decent work and economic growth	• Employees • Regulators • Shareholders
Environmental			
3	Responsible waste management	Responsible consumption and production	• Communities • Regulators • Shareholders
4	Energy conservation and emissions reduction	Affordable and clean energy	• Communities • Shareholders
5	Water conservation	Clean water and sanitation	• Communities • Shareholders
Social			
6	Equal employment opportunity	Reduced inequalities	Employees
7	Employee safety and well-being	Good health and well-being	• Employees • Regulators
Social			
8	Employee retention and development	Quality education	Employees
9	Ongoing community engagement	Sustainable cities and communities	Communities
Governance			
10	Corporate governance and code of ethics	Peace, justice and strong institutions	• Regulators • Shareholders

We will update the material Sustainability Factors on an annual basis to reflect changes in business operations, environment, stakeholders' feedback and sustainability trends. The details of each material Sustainability Factor are presented as follows:

SUSTAINABILITY REPORT

8.1 Total customer satisfaction

Our strategies towards customer satisfaction are as follows:

Offer an extensive and comprehensive product range that meets market's needs
As at 31 December 2022, we offer more than 70 product brands (as at 31 December 2021: more than 70 product brands). We believe that offering a comprehensive product range is crucial in achieving customer satisfaction as it allows them to select products that better meet their needs. To ensure that we continue to offer a comprehensive range of products, we constantly seek to identify new synergistic products and maintain a robust relationship with our vendors through the following:

- Meet sales targets set by the vendors;
- Support the vendors in achieving their strategic plans; and
- Establish a strong and effective communication channel with them at different staff level.

Key brands under distribution

Maintain presence and proximity to our customers
Over the years, we have established a network of 28 cities in 15 countries (as at 31 December 2021: 28 cities in 15 countries) to provide on-site sales, marketing as well as technical support to our reseller partners (customers). This geographical footprint brings us closer to the markets we serve and more importantly, closer to our customers.

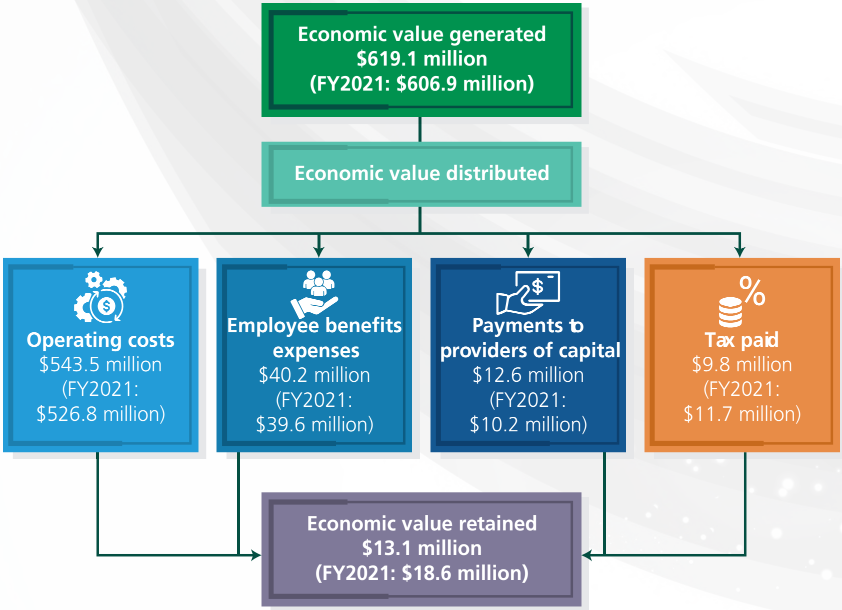
Nurture a team of highly trained and experienced employees to serve our customers
Our global footprint is driven by a core regional team and experienced professional staff that support our operations in the development and delivery of solutions to our customers. You may refer to section 8.8 for details on employee retention and development.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain a comprehensive range of products	Target met as follows: Maintained product range of more than 70 product brands	Maintain a comprehensive range of products
Risk and opportunity analysis		
Risk	Risk identified: • Dependency on key distributor rights Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To expand our market share and further strengthen our relationship with our vendors and customers	

SUSTAINABILITY REPORT

8.2 Sustainable business performance

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, value created in FY2022 is distributed as follows to enable a more sustainable future:



Details of our financial performance can be found in the financial contents and audited financial statements of this Annual Report.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or improve our financial performance and value to stakeholders subject to market conditions	Target met as follows: Economic value generated increases to $619.1 million	Maintain or improve our economic value generated subject to economic conditions
Risk and opportunity analysis		
Risk	Risk identified: • Adverse change in economic conditions and market conditions • Foreign exchange losses • Inability of customers to meet their obligations Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To improve stakeholder relationship	

SUSTAINABILITY REPORT

8.3 Responsible waste management

Our planet has provided us with an abundance of natural resources. We recognise that environmental preservation through efficient waste management such as reusing and recycling allows us to operate in a conducive and sustainable environment. It also helps us in achieving both short and long-term cost savings which enhances returns to our shareholders.

Our key initiatives on this front are as follows:

Moving towards a paperless working environment
We constantly enhance our operating systems to move towards a paperless working environment. Such enhancements include the deployment of an integrated business system to minimise usage of transit documents, whereby forms are approved electronically and electronic version of sales and purchasing related documents are issued.

Proper waste management and disposal
We recognise that technological equipment such as those distributed by us often contain components such as plastics and heavy metals, which may cause environmental damage if not properly disposed. Proper disposal of equipment is both environmentally responsible and often required by law. In FY2022, the total weight of technological equipment waste generated by the Group is 1.4 tonnes[9], of which 100% (FY2021: 100%) of the Group's disposal of technological equipment is handled by licensed waste collectors.

Target for FY2022	Performance in FY2022	Target for FY2023
100% of technological equipment requiring special disposal is handled by licensed waste collectors	Target met as follows: 100% of technological equipment requiring special disposal is handled by licensed waste collectors	100% of technological equipment requiring special disposal is handled by licensed waste collectors
Risk and opportunity analysis		
Risk	There were no material risks identified that is associated with this Sustainability Factor.	
Opportunity	To improve our operational efficiency and achieve environmental sustainability	

8.4 Energy conservation and emissions reduction

In order to mitigate the negative impacts of climate change, we are committed to responsible usage of energy resources and emissions reduction through enhancing our energy usage efficiency.

To run our operations, we rely mainly on purchased electricity to operate equipment at our premises such as for lighting, office work and cooling, which generates indirect GHG emissions (Scope 2). We do not generate material direct GHG emissions (Scope 1) from our operations and therefore, no separate disclosure is made on direct GHG emissions. Nonetheless, we will continue to monitor such emissions and to disclose in future, as and when applicable.

9 Comparative environmental data was not presented in FY2021 due to non-availability of information. We have strengthened our data collection process and included the information in FY2022.

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We believe that a responsible usage of energy resources results in lesser carbon emissions and thus helps to preserve the environment. Key initiatives on this front are as follows:

- We track and review spending on energy consumption regularly to control usage and corrective actions are taken when there are unusual consumption patterns; and
- 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 and enabling power saving mode.

During the Reporting Period, we placed USD 2 million in the form of Green and Sustainable Deposit ("Green Deposit") with a financial institution. The Green Deposit is deployed for provision of green loans that have a direct impact on the environment and cover eligible assets and activities that meet specific ESG criteria. These include green real estate, renewable energy, energy efficiency, smart city infrastructure and the circular economy.

Key statistics on electricity consumption and GHG emissions during the Reporting Period are as follows:

Performance indicator	Unit of measurement	FY2022	FY2021
Energy consumption			
Electricity consumption	kWh	683,664	658,534
Electricity consumption intensity	kWh/ square foot of office space	10.3	10.1
GHG emissions			
Indirect GHG emissions (Scope 2)	tonnes CO_2e	378	365
GHG emissions intensity	tonnes CO_2e/ square foot of office space	0.0057	0.0056

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain or reduce GHG emissions intensity	Target met as follows: No material change in GHG emissions intensity	Maintain or reduce GHG emission intensity
Risk and opportunity analysis		
Risk	Risks identified: • Adverse change in economic conditions and market conditions Refer to our risk disclosure in the Corporate Governance Report in this annual report for more details	
Opportunity	To conserve energy and achieve environmental sustainability	

8.5 Water conservation

We recognise the importance to manage our water consumption efficiently and avoid the depletion of valuable water resources. Accordingly, we are committed to the responsible usage of water resources through enhancing our water consumption efficiency.

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We rely on water resources for cleaning purposes, restrooms and pantries. Key statistics on water consumption during the Reporting Period are as follows:

Resource	Water consumption (Cu M)		Water consumption intensity (Cu M/ total number of employees)	
	FY2022	FY2021	FY2022	FY2021
Water	2,786	2,185	5.8	4.9

The increase in water consumption is due to the resumption of work from office arrangements in FY2022. Water consumption trends are regularly tracked, analysed and corrective actions are taken when unusual consumption patterns are observed.

Target for FY2022	Performance in FY2022	Target for FY2023
-[10]	Target not met as follows: Water consumption intensity increased to 5.8 Cu M/ total number of employees due to resumption of work from office arrangements in FY2022	Reduce or maintain the water consumption intensity
Risk and opportunity analysis		
Risk	There were no material risks identified that is associated with this Sustainability Factor.	
Opportunity	To conserve water and achieve environmental sustainability	

8.6 Equal employment opportunity

Human resource is a key asset of the Group. A diversified workforce supports business sustainability by offering fresh perspectives and ideas that contribute to the growth of our operations.

We are committed to the goals of diversity, equal opportunity and safety in employment through the following:

Integrating flexible work arrangements

We provide working parents with flexible working arrangements that support our employees' caregiving needs. For example, our employees are allowed to leave work early to pick up their children. We believe that such flexibility helps us to retain talent by building employee loyalty, which in turn enhances overall productivity.

[10] Not applicable as this is a newly disclosed Sustainability Factor added in this Report.

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Such arrangements are also aligned with the government's objective of improving Singapore's total fertility rate as well as the Tripartite Standard on Flexible Work Arrangements[11].

Made for Families
As a form of support for the Made for Families initiative introduced by the Prime Minister's Office to assure that families will emerge stronger from the Pandemic, we offer telecommuting and flexi work hours for our employees to tend to family matters.

Adopting fair employment practices
To promote diversity and equal opportunity, we have put in place the following policies and measures:

- A human resource policy to select employees based on merit and competency;
- A policy on fair employment practices to reinforce commitment to diversity and equality in the workplace;
- A sexual harassment policy to ensure every employee has the right to work in an environment free from all forms of discrimination and conduct which can be considered harassing, coercive and disruptive;
- Employees are evaluated yearly and rewards are linked to their performance; and
- Long service awards are given out to valuable employees with continuous employment records regardless of their race, age, gender, sexuality, disability or culture.

The total number of full-time employees covered as at 31 December 2022 is 618 (as at 31 December 2021: 602). Key statistics on employee demographics are as follows:

Gender diversity (%)
We view gender diversity in the Board as an essential element in supporting sustainable development. We have a female representation of one Director (FY2021: one) in the Board or 15% (FY2021: 15%) of the Board. Key statistics on gender diversity of our employees are as follows:

Disclosure	FY2022		FY2021	
	Male	Female	Male	Female
Overall	57%	43%	59%	41%
Management level				
Management	57.1%	42.9%	57.1%	42.9%
Non-management	56.9%	43.1%	59.4%	40.6%

11 The Tripartite Standard on Flexible Work Arrangements specifies practices that employers should implement at the workplace to help their employees better manage their work-life needs.

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Age diversity (%)
As compared to their industries, workers engaged in the IT industry tend to be younger. Key statistics on age diversity of our employees are as followed:

Disclosure	FY2022			FY2021		
	Below 30	30 - 50	Above 50	Below 30	30 - 50	Above 50
Overall	19.1%	76.5%	4.4%	17.4%	78.6%	4%
Management level						
Management	2%	84.7%	13.3%	2.9%	87.6%	9.5%
Non-management	22.3%	75%	2.7%	20.5%	76.7%	2.8%

Educational diversity (%)
We employ our employees from different educational background and seek to create an inclusive environment for them. Due to the nature of the business covered, our workforce is predominantly tertiary educated (with a diploma and above). Such employees contribute 90.8% (as at 31 December 2021: 89.7%) of our employees covered as at 31 December 2022. Upon joining us, employees are assessed and rewarded primarily based on their performance.

During the Reporting Period, we have no (FY2021: zero) reported incident of unlawful discrimination against employees.

Target for FY2022	Performance in FY2022	Target for FY2023
Maintain zero reported incident of unlawful discrimination against employees	Target met as follows: Maintained zero reported incident of unlawful discrimination against employees	<u>On-going and long-term target</u> Maintain zero reported incident of unlawful discrimination against employees
Risk and opportunity analysis		
Risk	Risk identified: • Dependency on key managers and staff Refer to our risk disclosure in the Corporate Governance Report in this Annual Report	
Opportunity	To create a diverse and inclusive workplace that will bring new perspectives into our business and strengthen our ability to overcome new challenges and innovate	

8.7 Employee safety and well-being

The Group strives to ensure good health and safety for our employees in the workplace. A working environment that supports equal opportunity for all helps to create a level platform for employees to excel and showcase their potential in contributing to the Group.

During the Reporting Period, we recorded no (FY2021: zero) workplace fatalities, no (FY2021: zero) high-consequence work-related injuries, no (FY2021: zero) recordable work-related injuries and no (FY2021: zero) work-related ill health cases during the Reporting Period. We will continuously work towards maintaining zero workplace accidents.

To protect our employees and minimise the risk of transmission of COVID-19, we adhere to the guidelines and measures passed by the local COVID-19 laws and regulations.

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To support the well-being of our employees, we provide employee benefits including reimbursement of expenses incurred from medical consultation, treatment and medicine, and health incentives such as dental check-ups, health supplements and gym membership.

To celebrate the team's achievements and to show appreciation of their efforts, we gathered employees from Singapore and Johor Bahru to commemorate the 20th anniversary of M.Tech.

Target for FY2022	Performance in FY2022	Target for FY2023
-[12]	Target met as follows: Maintained zero work-related injuries and ill-health cases	On-going and long-term target Maintain zero work-related injuries and ill-health cases
Risk and opportunity analysis		
Risk	Risk identified: • Dependency on key managers and staff Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To create a safe working environment that will reduce absenteeism and turnover, increase productivity, raise employee morale and lower injury or illness costs	

8.8 Employee retention and development

We recognise the importance of providing equitable and quality education for our employees. To educate and support our customer-facing employees on the technical needs of the products that we distribute, we have a regional team of certified pre-sales and post-sales engineers in place. Each regional team is led by a senior engineer with extensive years of field experience and each individual engineer is trained, certified and qualified to install, implement and maintain the assigned products. We believe that having a strong technical team is critical in supporting customers for the products we distribute.

[12] Not applicable as this is a newly disclosed Sustainability Factor added in this Report.

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Key statistics on new employees hires and employee turnover are as follows:

New hires

Disclosure	FY2022	FY2021
Overall	25.9%	17.4%
Gender		
Male	57%	70.2%
Female	43%	29.8%
Age		
Above 50	3.2%	-
30 to 50	50.6%	67.3%
Below 30	46.2%	32.7%

Turnover

Disclosure	FY2022	FY2021
Overall	23.1%	18.5%
Gender		
Male	58.9%	71.2%
Female	41.1%	28.8%
Age		
Above 50	4.3%	4.5%
30 to 50	72.3%	80.2%
Below 30	23.4%	15.3%

We place a high priority on the competency development of our engineers as we believe that an effective employee training program is vital to employee retention and the long-term success of any business. The training program includes training courses on cyber security engineering, administration and troubleshooting for our engineers. In FY2022, our engineers received approximately 2.6 hours[13] of training per employee.

We demonstrate our commitment in employee development by providing our employees with the opportunity to work for a period in our overseas subsidiaries to further enhance their experience. Selected employees are also given the opportunity to attend local or overseas trade shows or vendors' events to gain more product knowledge and network.

In addition, staff assessments are performed regularly to evaluate the performance of employees and this helps to encourage them to take self-initiated enrichment actions to improve themselves.

As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that all Directors have attended one of the approved sustainability training courses during the Reporting Period.

[13] Comparative data was not presented in FY2021 due to non-availability of information. We have strengthened our data collection process and included the information in FY2022.

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Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain or improve employee retention rate subject to market condition • Provide training opportunities for development and growth to keep our employees motivated and engaged	Target partially met as follows: • Turnover rate increased slightly to 24%. • Provided various training opportunities	• Maintain or improve employee retention rate subject to market condition • Provide training opportunities for development and growth to keep our employees motivated and engaged
Risk and opportunity analysis		
Risk	Risk identified: • Dependency on key managers and staff Refer to our risk disclosure in the Corporate Governance Report in this annual report	
Opportunity	To expand the knowledge base of our employees, strengthen our ability to overcome new challenges and innovate	

8.9 Ongoing community engagement

We are committed to contribute to a progressive and healthy society and strive to set a good example and encourage individuals and other corporations to embrace the spirit of giving as we recognise that the long-term success of our business is closely related with the health and prosperity of the communities which we operate in.

During the Reporting Period, we are engaged in various initiatives to help the communities as follows:

Nurture financially challenged but deserving undergraduates

Arising from a collaboration with Singapore Institute of Technology ("SIT") in year 2018, we contributed SGD 67,000 to SIT to set up an endowment fund ("M.Tech Bursary") for financially challenged but deserving undergraduates. The M.Tech Bursary has been used to fund the recipient's education expenses such as tuition fees, course materials, expenses for overseas immersion programme conducted by the Institute and fees for other education activities organised by the Institute. To support our initiative, the Ministry of Education has further contributed an amount of SGD 100,500 to the M.Tech Bursary. A bursary of SGD 5,000 has been awarded annually from the year 2019 onwards.

The above initiatives are our way of supporting the academic and personal growth of deserving and needy individuals from our community.

Support worthy causes of charities

During the Reporting Period, we donated over SGD 60,000 to various community campaigns such as Singapore Island Country Club May Day Charity, Metta Welfare Association, Society for the Physically Disabled ("SPD") and ISHINE.

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Supporting the Singapore Children's Society

The Singapore Children's Society protects and nurtures children and youths of all races and religions, reaching out to children, youths and families in need. During the Reporting Period and in commemoration of the 70th anniversary of Singapore Children's Society, we attended the Singapore Children's Society's Charity Gala Dinner where proceeds go towards supporting a diverse range of services and programmes.

Football With A Heart (FWAH)

FWAH is an executive football charity fundraiser where teams from various corporations come together for a friendly five-a-side football tournament. All proceeds from the event go towards 45 unique charities and social enterprises in areas such as sports, youth development, sustainability, strengthening family and community bonds, and enabling the charity sector. During the Reporting Period, we donated SGD 22,000 to the FWAH fundraiser and participated in its "Football With a Heart 2022" fundraising event.

As a responsible corporate citizen, we are committed to give back to our community and help our beneficiaries experience a more positive and fruitful life journey.

We believe that it is important to constantly remind our employees of the importance of giving back to the society and participation in such an event helps to make a difference to the lives of the people on the receiving end.

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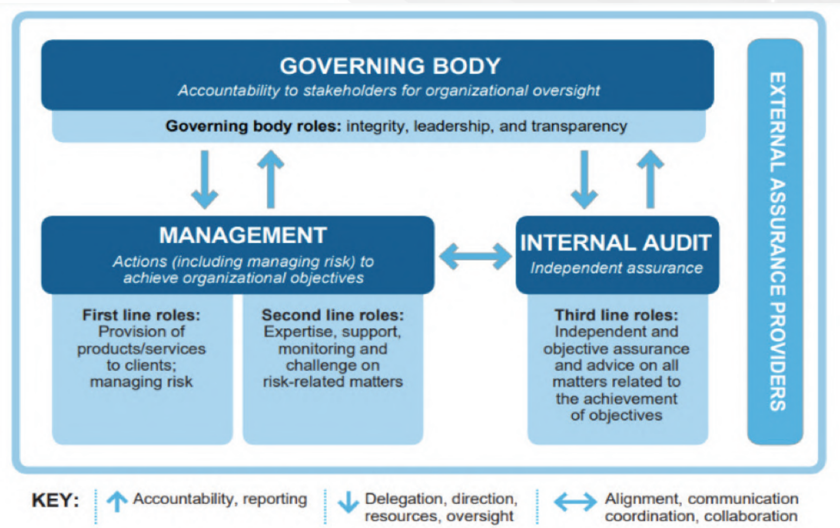
Target for FY2022	Performance in FY2022	Target for FY2023
Initiate various campaigns to help the communities	Target met as follows: Initiated various campaigns to help the communities	On-going and long-term target Initiate various campaigns to help the communities
Risk and opportunity analysis		
Risk	There were no material risks identified that is associated with this Sustainability Factor.	
Opportunity	To strengthen our reputation and build goodwill with the communities that we operate in	

8.10 Corporate governance and code of ethics

A high standard of corporate governance is integral in ensuring sustainability of our business as well as safeguarding shareholders' interest and maximising long-term shareholder value.

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 issued by the IIA

We have put 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. With a positive and proactive attitude, we believe that risks faced by the Group could be converted into opportunities and favourable results.

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We have an independent whistle blowing mechanism administered by a third-party service provider and managed by the Audit and Risk Management Committee for employees to raise concerns through accessible confidential disclosure channels about possible improprieties in matters of financial reporting and others without fear of reprisals. In FY2022, there was no incident of serious offence reported (FY2021: zero incident).

Our overall Singapore Governance and Transparency Index ("SGTI") score assessed by National University of Singapore Business School is 86 for the year 2022 (Year 2021: 68). We will continuously work towards improving our SGTI score.

Refer to Corporate Governance Report of this Annual Report for details for our corporate governance practices.

Target for FY2022	Performance in FY2022	Target for FY2023
Ensure that our SGTI score does not fall below 60	Target met as follows: Achieved an SGTI score of 86 for the year 2022	On-going and long-term target Maintain zero incident of serious offence
Risk and opportunity analysis		
Risk	Risk identified: • Fraud and irregularities • Non-compliance with laws and regulations Refer to our risk disclosure in the Corporate Governance Report in this Annual Report	
Opportunity	To drive long-term sustainable growth and increase corporate values	

9. Supporting the UN Sustainable Development Goals

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, 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 believe that everyone plays an important part in advancing sustainable development and we have identified the relevant SDGs which we can contribute to sustainability development through our business practices, products and services. The SDGs that we focus on and the related Sustainability Factors are as follows:

SDG		Our effort
	Ensure healthy lives and promote well-being for all at all ages	Section 8.7 Employee safety and well-being We implement measures to ensure a safe and secure working environment for our employees.

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SDG		Our effort
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities	Section 8.8 Employee retention and development We invest in training, education and development of our people to enhance our business competencies.
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	Section 8.5 Water conservation We implement checks and measures to reduce water wastage in our business operations, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	Section 8.4 Energy conservation and emissions reduction We implement measures to reduce our energy consumption as not only does it help to improve energy efficiency and reduce GHG emissions, they also help us in reducing costs incurred to support our business operations.
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Section 8.1 Total customer satisfaction We are determined to bring outstanding products and services to our customers through providing a comprehensive product range, being attentive and responsive to customer feedback and maintaining a team of highly trained and experienced employees. Section 8.2 Sustainable business performance We contribute to economic growth through creating long-term value for our stakeholders.
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Section 8.6 Equal employment opportunity We create a diverse and inclusive workplace that will bring new perspectives to our business and strengthen our ability to overcome new challenges.
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	Section 8.9 Ongoing community engagement We engage in various initiatives to help the communities.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	Section 8.3 Responsible waste management We constantly enhance our operating systems to move towards a paperless working environment and ensure proper disposal of technological equipment requiring special disposal.

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SDG		Our effort
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Section 8.10 Corporate governance and code of ethics We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholders' value and carry out business with integrity by avoiding corruption in any form.

10. Supporting the TCFD

We are committed to support the recommendations by the TCFD and has disclosed some of our climate-related financial disclosures as recommended by the TCFD as follows:

Key area	Our approach
Governance	The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic direction and policies. Our sustainability strategy is developed and directed by the Group's SC in consultation with the Board. The Group's SC includes representatives from key Group functions. The Group's senior management advises the SC in reviewing our sustainability progress. The responsibilities of the SC include considering climate-related issues in the development of sustainability strategy, target setting, as well as collection, monitoring and reporting of performance data.
Strategy	The climate-related risks and opportunities identified by the Group during the ERM exercise includes an adverse change in economic conditions and market conditions arising from climate changes that leads to general price increases and when suppliers pass on regulatory costs such as carbon tax to the Group. On the other hand, this also present an opportunity for the Group to review and assess its distribution processes across its value chain to reduce operating costs. We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/ subsector scenarios and time horizons, to anticipate and manage climate change impacts.

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Key area	Our approach
Risk management	An ERM framework is in place to guide the Group in the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks. The Group's climate related risks and opportunities are identified and assessed during an ERM exercise. The climate-related risks and their related opportunities and treatment plans are also reviewed and updated during the ERM exercise and are presented to the Audit and Risk Committee along with the other Group's key risks. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.
Metrics and targets	We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enabling us to be more targeted in our efforts. To support the climate change[14] agenda, we disclose our Scope 2 GHG emission in the sustainability report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. We will continue to monitor our emissions and disclose Scope 3 GHG emissions wherever applicable and practicable.

[14] GHG emission for Scope 1 is not disclosed as it is not material.

SUSTAINABILITY REPORT

Appendix 1 Sustainability Trends

S/N	Performance indicator	Sustainability performance		
		FY2022	FY2021	FY2020[15]
Total customer satisfaction				
1	Product brands	More than 70	More than 70	More than 70
Sustainable business performance				
2	Economic value generated	$619.1 million	$606.9 million	$483.0 million
3	Operating costs	$543.5 million	$526.8 million	$417.1 million
4	Employee benefits expenses	$40.2 million	$39.6 million	$37.1 million
5	Payments to providers of capital	$12.6 million	$10.2 million	$6.4 million
6	Tax to governments	$9.8 million	$11.7 million	$2.8 million
7	Economic value retained	$13.1 million	$18.6 million	$19.6 million
Responsible waste management				
8	Percentage of technological equipment requiring special disposal that is handled by licensed waste collectors	100%	100%	100%
Energy conservation and emissions reduction				
9	Electricity consumption (kWh)	683,664 kWh	658,534 kWh	600,284 kWh
10	Electricity consumption rate (kWh/ square foot of office space)	10.3	10.1	NA[16]
11	Scope 2 GHG emissions (tonnes CO_2e)	378	365	319
12	GHG emissions intensity (tonnes CO_2e/ square foot)	0.0057	0.0056	0.0048
Water conservation				
13	Water consumption (Cu M)	2,786	2,185	NA[16]
14	Water consumption intensity (Cu M/ total number of employees)	5.8	4.9	NA[16]
Equal employment opportunity				
15	Percentage of female on the board	15%	15%	15%
16	Ratio of female against male employees	43%	41%	41%

[15] Information relating to M-Securities Technology Indochina Pte. Ltd is excluded from FY2020 figures as it is a newly added entity in FY2022 Report.
[16] Not available as this is a newly disclosed performance indicator.

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S/N	Performance indicator	Sustainability performance		
		FY2022	FY2021	FY2020[15]
Equal employment opportunity				
17	Ratio of employees who are above 50 years old	4.4%	4%	NA[17]
18	Ratio of employees with non-tertiary education	9.2%	10.3%	11.6%
19	Number of reported incidents of unlawful discrimination against employees	-	-	-
Employee safety and well-being				
20	Number of workplace fatalities	-	-	NA[17]
21	Number of high-consequence work-related injuries	-	-	NA[17]
22	Number of recordable work-related injuries	-	-	NA[17]
23	Number of recordable work-related ill-health	-	-	NA[17]
Employee retention and development				
24	Overall new hires rate	25.9%	17.4%	NA[17]
25	Overall turnover rate	23.1%	18.5%	20%
26	Training opportunities	Provided various training opportunities		
Ongoing community engagement				
27	Community campaigns	Initiated various community campaigns		
Corporate governance and code of ethics				
28	Number of incident of serious offence	-	-	-
29	SGTI score	86 points	68 points	73 points

[17] Not available as this is a newly disclosed performance indicator.

SUSTAINABILITY REPORT

Appendix 2 GRI Content Index

Statement of use	Multi-Chem Limited has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	-

GRI standard	Disclosure	Location and Omissions
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	2, 3, 49, 89 - 91, 112, 146 - 154, 212
	2-2 Entities included in the organization's sustainability reporting	16
	2-3 Reporting period, frequency and contact point	16
	2-4 Restatements of information	None
	2-5 External assurance	15
	2-6 Activities, value chain and other business relationships	3, 14 - 15, 21, 146 - 154
	2-7 Employees	15, 25 - 27
	2-8 Workers who are not employees	None
	2-9 Governance structure and composition	6 - 7, 18
	2-10 Nomination and selection of the highest governance body	68 - 71
	2-11 Chair of the highest governance body	6 - 7
	2-12 Role of the highest governance body in overseeing the management of impacts	18, 61
	2-13 Delegation of responsibility for managing impacts	18
	2-14 Role of the highest governance body in sustainability reporting	18
	2-15 Conflicts of interest	61
	2-16 Communication of critical concerns	32- 33, 81 - 83
	2-17 Collective knowledge of the highest governance body	28 - 30, 61 - 62
	2-18 Evaluation of the performance of the highest governance body	71 - 72
	2-19 Remuneration policies	72 - 76
	2-20 Process to determine remuneration	72 - 76
	2-21 Annual total compensation ratio	The Company will not be providing this information due to confidentiality constraints

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location and Omissions
General Disclosures		
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	12 - 14
	2-23 Policy commitments	12 - 14
	2-24 Embedding policy commitments	12 - 14
	2-25 Processes to remediate negative impacts	12 - 14, 16 - 17
	2-26 Mechanisms for seeking advice and raising concerns	16 - 17
	2-27 Compliance with laws and regulations	32 - 33
	2-28 Membership associations	None
	2-29 Approach to stakeholder engagement	16 - 17
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18 - 19
	3-2 List of material topics	19 - 33
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	22
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	22
	201-2 Financial implications and other risks and opportunities due to climate change	35 - 36
	201-3 Defined benefit plan obligations and other retirement plans	129 - 130
	201-4 Financial assistance received from government	181
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	23 - 24
GRI 302: Energy 2016	302-1 Energy consumption within the organization	23 - 24
	302-2 Energy consumption outside of the organization	23 - 24
	302-3 Energy intensity	23 - 24
	302-4 Reduction of energy consumption	None
	302-5 Reductions in energy requirements of products and services	Not applicable due to business nature

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location and Omissions
Water and Effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	24 - 25
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	24 - 25
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	Not applicable due to business nature
	303-3 Water withdrawal	24 - 25
	303-4 Water discharge	Not applicable due to business nature
	303-5 Water consumption	24 - 25
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	23 - 24
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	23 - 24
	305-2 Energy indirect (Scope 2) GHG emissions	23 - 24
	305-3 Other indirect (Scope 3) GHG emissions	35 - 36
	305-4 GHG emissions intensity	23 - 24
	305-5 Reduction of GHG emissions	23 - 24
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	23
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	23
	306-2 Management of significant waste-related impacts	23
	306-3 Waste generated	23
	306-4 Waste diverted from disposal	23
	306-5 Waste directed to disposal	23
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	27 - 28

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location and Omissions
Occupational Health and Safety		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	27 - 28
	403-2 Hazard identification, risk assessment, and incident investigation	27 - 28
	403-3 Occupational health services	Not applicable due to business nature
	403-4 Worker participation, consultation, and communication on occupational health and safety	Not applicable due to business nature
	403-5 Worker training on occupational health and safety	Not applicable due to business nature
	403-6 Promotion of worker health	27 - 28
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	27 - 28
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	27 - 28
	403-9 Work-related injuries	27 - 28
	403-10 Work-related ill health	27 - 28
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	28 - 30
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	28 - 30
	404-2 Programs for upgrading employee skills and transition assistance programs	28 - 30
	404-3 Percentage of employees receiving regular performance and career development reviews	We are currently looking to enhance our performance and career development reviews.
Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	25 - 27

SUSTAINABILITY REPORT

GRI standard	Disclosure	Location and Omissions
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	25 - 27
	405-2 Ratio of basic salary and remuneration of women to men	The Company will not be providing this information due to confidentiality constraints.
Non-discrimination		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	25 - 27
Local Communities		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	30 - 32
	413-2 Operations with significant actual and potential negative impacts on local communities	30 - 32

OPERATIONS REVIEW

IT Business

The IT sector of the Group under the M.Tech companies has expanded in both product range and geographical coverage since its inception in May 2002.

In FY2022, the Group added more leading products, including Abnormal, SentinelOne, TeamViewer and Vectra to its product suite during the year. Of the products that it carries, the Group is also the sole distributor for several leading products in selected regions.

The Group is selective in taking up new products to remain focused on selling the best-of-breed IT security products and delivering value added services to major systems integrators and resellers in Singapore and the regions.

The IT Business of the Group currently has a presence in 28 cities in 15 countries and carries internet security products from industry leading vendors.

PCB Business

Revenue for PCB Business of the Group decreased from $2.1M in FY2021 to $2.0M in FY2022, mainly due to lower customer demand in year 2022.

The revenue growth in PCB division is expected to be limited in 2023.

As at 31 December 2022, the Group has 7 CNC drilling machines.

PROSPECTS AND FUTURE PLAN

The IT business through Singapore and the regional offices achieved a year-on-year revenue growth of 2.2% on a full year basis.

IT Business

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Arista, Check Point, CyberArk, Imperva, Trellix (formerly McAfee), Proofpoint, RSA, Solarwinds, Symantec (a division of Broadcom) and Trend Micro.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Education Services Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Allot, Check Point and Symantec (a division of Broadcom) courses. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

As at 31 December 2022, the Group's IT business had a presence in 28 cities in 15 countries in the Asia Pacific Region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

The near term outlook in the IT business is dependent on events such as political or economic in nature and such events could affect business in certain markets. With the current inflation peaking, rising interest rates and the Russian-Ukraine conflict, the global economic outlook remains uncertain which in turn will affect the Group's business. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group's business.

For growth, the Group will focus on its best-of-breed products and will continue to grow the IT business regionally. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

PCB Business

Revenue in PCB division remained relatively unchanged over the corresponding periods in year 2021.

The revenue growth in PCB division is expected to be limited in Year 2023.

As at 31 December 2022, the Group had 7 mechanical drilling machines in Singapore.

Risk Factors

The Group's primary business risk is in its IT business. In the area of IT business, the Group is subject to risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. To mitigate such risk, the Group has taken steps to align with the leading names in the IT arena. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Australian dollar, Thailand baht, Malaysian ringgit, Indian rupee, Indonesian rupiah, Taiwan dollar, Hong Kong dollar, Philippines peso, and to a lesser extent, Euro, Korean won, Japanese yen, Vietnam dong, New Zealand dollar, British Pound and Sri Lankan rupee. The Group may, from time to time, enter into borrowing and foreign currency arrangements to reduce its foreign currency exposure. With any volatility in the US dollar, the Group expects to be exposed to a higher foreign exchange risk against some of the local currencies we collect from the customers.

The Group is also exposed to the political, legal and economic climates of the country in which the Group is operating. Economic and political conditions are still key factors in determining the level of IT spending.

SIGNIFICANT EVENTS

1st Quarter 2022

- Multi-Chem's indirect subsidiary, E Fortify Asia Sdn. Bhd. completed striking off process.
- M.Tech distributes TeamViewer in China, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

2nd Quarter 2022

- Multi-Chem's Chief Financial Officer Ms Zhao Yu resigned.
- Multi-Chem appointed Ms Zhang Xiaowen Amanda as Financial Controller.

3rd Quarter 2022

- M.Tech distributes Abnormal in Indonesia, Malaysia, Philippines, Singapore, Taiwan, Thailand and Vietnam.
- M.Tech held M.Pro Golf Challenge 2022 in Singapore.

4th Quarter 2022

- M.Tech distributes SentinelOne in Thailand.
- M.Tech held M.Appreciation Night 2022 to celebrate 20th anniversary in Singapore.
- M.Tech distributes Vectra in Taiwan.

FINANCIAL CALENDAR

APRIL 2022

27th

Annual General Meeting

AUGUST 2022

05th

Announcement of 2022 half year results

FEBRUARY 2023

17th

Announcement of 2022 full year results

APRIL 2023

21st

Annual General Meeting

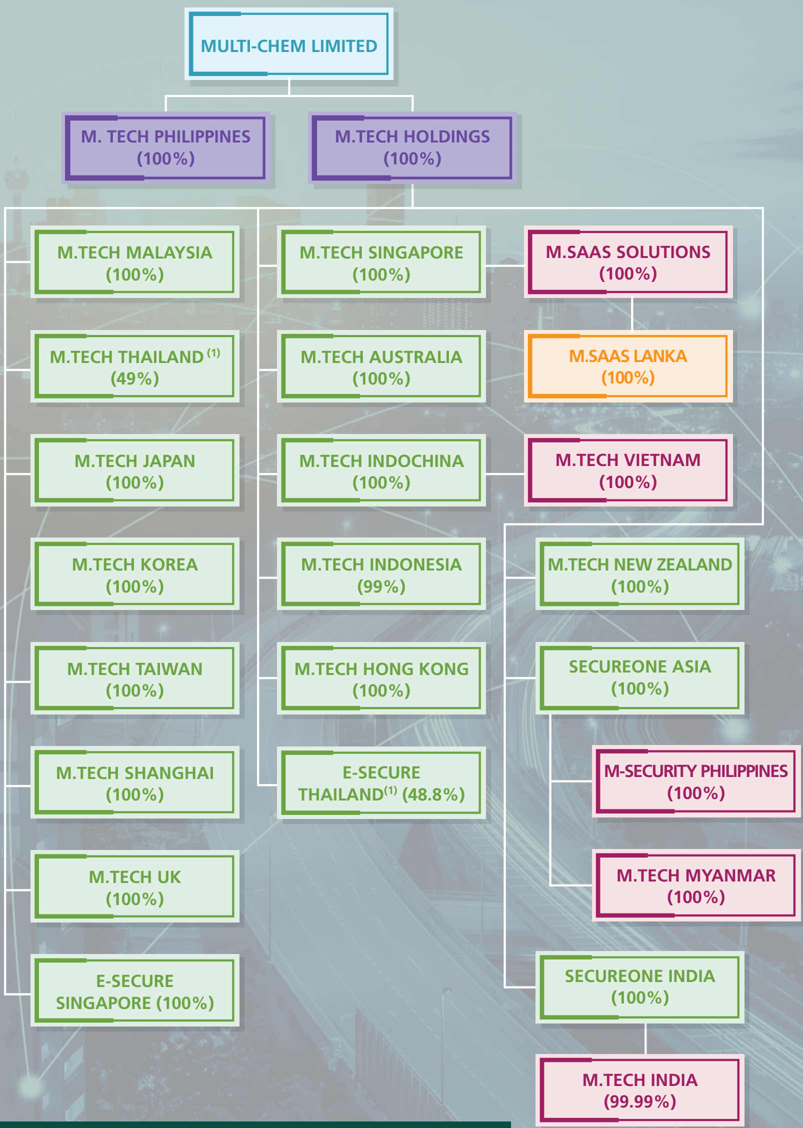
AUGUST 2023

Announcement of 2023 half year results

FEBRUARY 2024

Announcement of 2023 full year results

GROUP STRUCTURE



(1) M. Tech Thailand and E-Secure Thailand deemed to be wholly owned subsidiaries as the Company controls 100% of the voting rights and the financial and operating policies.

FINANCIAL HIGHLIGHTS

GROUP BALANCE SHEET

As At 31 December ($'000)	2022	2021	2020	2019	2018
Property, plant and equipment	**9,019**	9,298	9,922	10,169	12,451
Investment in life insurance plan	**4,749**	4,628	4,384	4,333	4,260
Other non-current assets	**21,911**	20,709	11,948	11,540	5,077
Current assets	**293,623**	263,810	247,154	239,890	210,953
Current liabilities	**(174,913)**	(152,885)	(140,555)	(144,644)	(119,326)
Net current assets	**118,710**	110,925	106,599	95,246	91,627
Long term borrowings	**(417)**	(1,500)	-	(410)	(869)
Long term trade payables	**(11,267)**	(8,089)	-	-	-
Deferred tax liabilities	**(1,114)**	(1,097)	(717)	(673)	(482)
Other non-current liability	**(4,495)**	(4,674)	(5,305)	(5,747)	(3,190)
	137,096	130,200	126,831	114,458	108,874
Share capital	**37,288**	37,288	37,288	37,288	37,288
Foreign currency translation account	**(1,644)**	(871)	(2,364)	(1,413)	(465)
Other reserves	**(977)**	(801)	473	2,531	3,499
Retained earnings	**102,429**	94,584	79,129	65,209	59,415
	137,096	130,200	114,526	103,615	99,737
Non-controlling interest	**-**	-	12,305	10,843	9,137
	137,096	130,200	126,831	114,458	108,874

FINANCIAL HIGHLIGHTS

GROUP PROFIT & LOSS

Year Ended ($'000)	2022	2021	2020	2019	2018
Turnover	**616,980**	603,640	479,714	455,795	431,330
Gross profit	**81,863**	85,510	71,642	65,907	60,736
Other income	**3,160**	4,989	7,153	3,457	1,850
Earnings before interest, tax, depreciation & amortisation (EBITA)	**28,668**	38,893	28,988	18,260	14,600
Depreciation & amortisation	**(2,615)**	(2,615)	(2,776)	(2,777)	(2,167)
Interest expense	**(457)**	(327)	(388)	(923)	(541)
Profit before income tax (PBT)	**25,596**	35,951	25,824	14,560	11,892
Income tax expense	**(5,599)**	(8,617)	(6,256)	(4,808)	(5,219)
Net profit	**19,997**	27,334	19,568	9,752	6,673
Non-controlling interests	-	(2,375)	(1,792)	(1,916)	(1,108)
Equity holders of the Company	**19,997**	24,959	17,776	7,836	5,565

ANALYSIS (%)

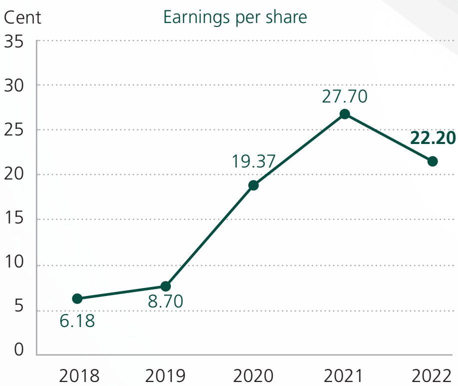
Year	2022	2021	2020	2019	2018
Gross profit margin	**13.3**	14.2	14.9	14.5	14.1
PBT margin	**4.1**	6.0	5.4	3.2	2.8
Turnover increase	**2.2**	25.8	5.2	5.7	3.7
PBT increase/(decrease)	**(28.8)**	39.2	77.4	22.4	(24.2)
Net profit increase/(decrease)	**(26.8)**	39.7	100.7	46.1	(43.6)

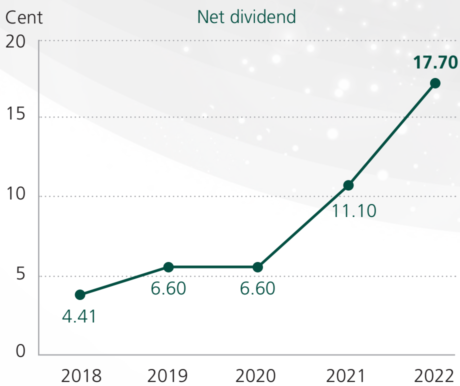
FINANCIAL HIGHLIGHTS

PER SHARE DATA
(cents, unless otherwise stated)

	2022	2021	2020	2019	2018
Net earnings (basic)[1]	**22.20**	27.70	19.73	8.70	6.18
Net earnings (fully diluted)[2]	**22.20**	27.70	19.73	8.70	6.18
Net dividend	**17.70**	11.10	6.60	6.60	4.41
Net dividend payout (times)	**0.80**	0.40	0.33	0.76	0.71
Net assets value[3]	**152.17**	144.51	127.12	115.01	110.7
Gross dividend	**17.70**	11.10	6.60	6.60	4.41
Gross dividend yield (%)[4]	**10.41**	6.03	4.85	8.46	5.73

1 Numbers of shares used in the above computation (M)	**90.1**	90.1	90.1	90.1	90.1
2 Numbers of shares used in the above computation (M)	**90.1**	90.1	90.1	90.1	90.1
3 Numbers of shares used in the above computation (M)	**90.1**	90.1	90.1	90.1	90.1
4 Based on the closing share price as at the last market day of the year	**170.0**	184.0	136.0	78.0	77.0





FINANCIAL RATIOS

	2022	2021	2020	2019	2018
Current ratio (times)	**1.68**	1.73	1.76	1.66	1.77
Return on shareholder's funds (%)	**14.59**	19.17	15.52	7.56	5.58
Return on assets employed (%)	**6.07**	8.36	6.50	2.95	2.39
Debt equity ratio	**0.01**	0.02	0.04	0.20	0.19
Debt interest cover	**19.68**	47.03	5.63	0.77	0.73

FINANCIAL HIGHLIGHTS

SEGMENTAL INFORMATION

BY BUSINESS SEGMENTS

Year Ended ($'000)	PCB Business 2022	PCB Business 2021	IT Business 2022	IT Business 2021	Total 2022	Total 2021
Turnover						
1st Quarter	**638**	505	**142,607**	128,338	**143,245**	128,843
2nd Quarter	**428**	518	**158,188**	169,176	**158,616**	169,694
3rd Quarter	**478**	514	**176,733**	165,676	**177,211**	166,190
4th Quarter	**480**	533	**137,428**	138,380	**137,908**	138,913
	2,024	2,070	**614,956**	601,570	**616,980**	603,640
Segment results						
1st Quarter	**2,717**	1,790	**5,867**	6,342	**8,584**	8,132
2nd Quarter	**(207)**	(1,114)	**4,655**	11,347	**4,448**	10,233
3rd Quarter	**(577)**	(1,033)	**5,790**	10,488	**5,213**	9,455
4th Quarter	**(2,790)**	(1,897)	**10,141**	10,028	**7,351**	8,131
	(857)	(2,254)	**26,453**	38,205	**25,596**	35,951

BY GEOGRAPHICAL SEGMENTS

Year Ended ($'000)	Singapore 2022	Singapore 2021	Greater China 2022	Greater China 2021	Australia 2022	Australia 2021	India 2022	India 2021	Others 2022	Others 2021	Total 2022	Total 2021
1st Quarter	**65,882**	40,533	**11,029**	21,653	**7,785**	12,898	**14,057**	14,427	**44,492**	39,332	**143,245**	128,843
2nd Quarter	**71,261**	68,095	**15,203**	14,182	**14,286**	17,533	**19,105**	25,965	**38,761**	43,919	**158,616**	169,694
3rd Quarter	**96,791**	88,095	**13,951**	16,438	**12,740**	8,853	**9,615**	14,714	**44,114**	38,090	**177,211**	166,190
4th Quarter	**37,746**	53,106	**12,198**	14,973	**13,604**	12,160	**17,235**	10,854	**57,125**	47,820	**137,908**	138,913
	271,680	249,829	**52,381**	67,246	**48,415**	51,444	**60,012**	65,960	**184,492**	169,161	**616,980**	603,640

FINANCIAL REVIEW

REVENUE

The Group achieved revenue of $315.1m for the six months ended 31 December 2022 ("2H2022"), an increase of 3.3% or $10.0m compared to the revenue of $305.1m for the six months ended 31 December 2021 ("2H2021"). For the twelve months ended 31 December 2022 ("12M2022"), the Group achieved revenue of $617.0m, a year-on-year increase of 2.2% or $13.4m, compared to revenue of $603.6m achieved for the twelve months ended 31 December 2021 ("12M2021").

Comparing 2H2022 to 1H2022, revenue increased by 4.4% or $13.2m, from $301.9m in 1H2022 to $315.1m in 2H2022.

IT Business

The IT Distribution business achieved revenue of $314.2m in 2H2022, an increase of 3.4% or $10.2m, from $304.0m in 2H2021. On a twelve months basis, this division grew by 2.2% or $13.5m, from $601.5m in 12M2021 to $615.0m in 12M2022.

Comparing 2H2022 to 1H2022, revenue in IT business increased by 4.5% or $13.4m, from $300.8m in 1H2022 to $314.2m in 2H2022.

The increase in revenue for 12M2022 was mainly due to the increase in customer demand and some significant transactions closed during 12M2022.

PCB Business

Revenue in this Division decreased by 18.2% or $200,000, from $1.1m in 2H2021 to $0.9m in 2H2022. On a twelve months basis, revenue in this division decreased by 4.8% or $100,000, from $2.1m in 12M2021 to $2.0m in 12M2022. The decrease in revenue was mainly due to lower customer demand during 12M2022.

Comparing 2H2022 to 1H2022, revenue in this Division decreased by 18.2% or $200,000, from $1.1m in 1H2022 to $0.9m in 2H2022.

FINANCIAL REVIEW

PROFIT BEFORE TAX ("PBT")

The Group registered a PBT of $12.6m in 2H2022, as compared to $17.6m in 2H2021.

The decrease in PBT was mainly due to the following:

(1) A decrease in gross profit of $2.8m mainly due to the drop in gross profit margin and the increase in allowance for inventory obsolescence of $1.5m from $1.1m in 2H2021 to $2.6m in 2H2022 based on the review of inventory obsolescence performed as at 31 December 2022; and

(2) Net foreign exchange loss of $2.6m in 2H2022, as compared to net foreign exchange gain of $577,000 in 2H2021 mainly due to appreciation of United States dollar against Singapore dollar and local currencies in 2H2022. Excluding net foreign exchange differences, the Group reported a PBT of $15.2m in 2H2022, compared to a PBT of $17.0m in 2H2021.

The decrease in PBT was however pared by the following:

(1) An increase in reversal of allowance on third party trade receivables of $731,000 from $141,000 in 2H2021 to $872,000 in 2H2022, based on the impairment review performed as at 31 December 2022 in accordance to SFRS(I) 9; and

(2) An increase in interest income of $301,000 from $327,000 in 2H2021 to $628,000 in 2H2022, mainly due to the increase in fixed deposits placed with the financial institutions.

Comparing 2H2022 to 1H2022, the Group PBT stood at $12.6m in 2H2022 as compared to $13.0m in 1H2022. The decrease was mainly due to higher net foreign exchange loss and allowance for inventory obsolescence in 2H2022, offset by reversal of allowance on third party trade receivables in 2H2022 as compared to loss allowance on third party trade receivables in 1H2022.

PROFIT AFTER TAX ("PAT")

In 2H2022, the Group achieved PAT of $10.3m as compared to $14.4m in 2H2021, mainly due to the decrease in PBT offset by the decrease in income tax expenses. The decrease in income tax expenses from $3.2m in 2H2021 to $2.2m in 2H2022 was mainly due to lower profit attained and the recognition of deferred tax assets in 2H2022.

Comparing 2H2022 to 1H2022, Group PAT increased by 6.2% or $695,000, from $9.7m in 1H2022 to $10.3m in 2H2022. The increase was mainly due to the decrease in income tax expenses due to lower profit attained and the recognition of deferred tax assets in 2H2022.

Income tax expenses comprised mainly current income tax, deferred tax and withholding tax expenses of the Group.

STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items as at 31 December 2022 compared to 31 December 2021.

Property, plant and equipment decreased by $279,000 at the Group level mainly due to depreciation charge and disposal of plant and equipment, net of purchase of plant and equipment in Year 2022. At the Company level, property, plant and equipment increased from $785,000 to $869,000 due to purchase of plant and equipment net of depreciation charge in Year 2022.

Investments in subsidiaries decreased by $105,000 at the Company level due to impairment loss for investment in a subsidiary recognised in Year 2022.

Club memberships increased by $276,000 at the Group level mainly due to purchases of club memberships, net of amortisation charge in Year 2022. At the Company level, club memberships remained unchanged.

FINANCIAL REVIEW

Right-of-use assets decreased by $1.5m at the Group level mainly due to depreciation charge and reclassification to property, plant and equipment upon maturity of the lease payment obligations, net of additions of right-of-use assets due to leases renewal in Year 2022. At Company level, right-of-use assets decreased by $347,000 due to depreciation charge and reclassification to property, plant and equipment upon maturity of the lease payment obligations in Year 2022.

Deferred tax assets increased by $383,000 at the Group level mainly due to recognition of deferred tax assets in Year 2022 based on the assessment on the probability of realising the related tax benefits of temporary difference through future taxable profits. There were no deferred tax assets at Company level.

Financial asset, at FVOCI refers to financial asset at fair value through other comprehensive income and the Group has elected to classify equity investments, which are not accounted for as subsidiary, associate or jointly controlled entity, as financial asset at fair value through other comprehensive income. This decreased by $194,000 at the Group level due to fair value change in Year 2022. There was no financial asset, at FVOCI at the Company level.

Financial asset, at FVPL refers to financial asset at fair value through profit or loss. The Group and the Company classified the investment in life insurance plan as financial assets at fair value through profit or loss and this increased by $121,000 at both the Group and the Company level due to fair value gain, net of currency revaluation loss in Year 2022.

Cash and cash equivalents at the Group level decreased by $4.9m from $74.4m to $69.5m. The decrease was mainly due to the increase in working capital requirement owing to the higher business volume and dividends paid to shareholders. At the Company level, cash and cash equivalents increased by $3.9m from $10.4m to $14.3m mainly due to dividends received from subsidiaries, net of dividends paid to shareholders.

Trade and other receivables of the Group increased by $15.6m from $143.7m to $159.3m, mainly due to higher revenue attained in Year 2022 and advances paid to suppliers for purchases prior to the delivery of goods and services. At the Company level, trade and other receivables increased by $344,000 from $33.2m to $33.5m mainly due to advances to a subsidiary, net of repayment from a subsidiary.

Inventories at the Group level increased by $17.9m from $51.4m to $69.3m mainly due to increased purchases to cater for contracts not yet fulfilled. At the Company level, inventories decreased by $16,000 from $461,000 to $445,000.

Prepayments increased by $1.8m from $1.2m and $3.0m at the Group level was mainly due to prepayment of five-year's license fees for new ERP system in Year 2022. Prepayments at Company level decreased by $74,000 from $334,000 to $260,000.

Current income tax recoverable increased by $1.6m from $4.3m to $5.9m at the Group level mainly due to increase in tax deducted at source in Year 2022. There was no current income tax recoverable at the Company level.

Trade and other payables increased by $23.1m from $130.4m to $153.5m at the Group level mainly due to increased purchases corresponding with the increase in revenue in Year 2022. Non-current trade payables refer to trade payables on schedule billing arrangement. At the Company level, trade and other payables decreased by $454,000 from $5.7m to $5.2m mainly due to the decrease in accrued operating expenses in Year 2022.

Contract liabilities increased by $3.8m from

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$26.7m to $30.5m at the Group level mainly due to increase in advance billings and rebate to customers. There was no contract liability at the Company level.

Bank borrowings decreased by $583,000 from $2.0m to $1.4m at the Group level mainly due to repayments made to the financial institutions. There was no bank borrowing at the Company level.

Foreign currency translation account increased by $773,000 from $871,000 to $1.6m at the Group level mainly due to depreciation of United States dollar against Singapore dollar.

Other reserves increased by $176,000 from $801,000 to $977,000 at the Group level mainly due to fair value change in financial asset, at FVOCI in Year 2022.

INDEBTEDNESS

The amount of Group's borrowings is as set out below:

Year Ended ($'000)	2022	2021
Due within 1 year:		
Bank borrowings	**1,000**	500
Due after 1 year:		
Bank borrowings	**417**	1,500
Total debt	**1,417**	2,000
Debt equity ratio	**0.01**	0.02
Debt interest cover	**19.68**	47.03

Working capital of the Group stood at $118.7M and $110.9M as at 31 December 2022 and 31 December 2021 respectively. The increase was mainly due to the increase in trade and other receivables and the increase in inventories, net of the decrease in cash and bank balances, the increase in trade and other payables and the increase in contract liabilities.

At the Company level, working capital stood at $43.1M and $38.4M as at 31 December 2022 and 31 December 2021 respectively. Current assets at the Company level as at 31 December 2022 comprised mainly trade and other receivables of $33.5M, and this increased slightly by 0.9% from $33.2M as at 31 December 2021 mainly due to advances to a subsidiary, net of repayment from a subsidiary. Cash and bank balances increased by $3.9M from $10.4M as at 31 December 2021 to $14.3M as at 31 December 2022 mainly due to dividends received from subsidiaries, net of dividends paid to shareholders. Current liabilities comprised mainly trade and other payables.

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CASH FLOW ANALYSIS

The movement in cash and cash equivalents is set out as follows:

Year Ended ($'000)	2022	2021
Cash flows provided by operating activities	**12,122**	26,945
Cash flows used in by investing activities	**(939)**	(896)
Cash flows used in financing activities	**(14,496)**	(20,149)
Net (decrease)/increase in cash and cash equivalents	**(3,313)**	5,900
Cash and cash equivalents at beginning of the financial year	**74,363**	67,610
Effect of exchange rate changes on cash and cash equivalents	**(1,557)**	853
Cash and cash equivalents at end of the financial year	**69,493**	74,363

Net cash of $12.1m was generated from operating activities in 12M2022, as compared to net cash of $26.9m generated in 12M2021. This was mainly due to lower profit before income tax and increase in inventories, trade and other receivables owing to higher business volume, net of increase in trade and other payables, and contract liabilities.

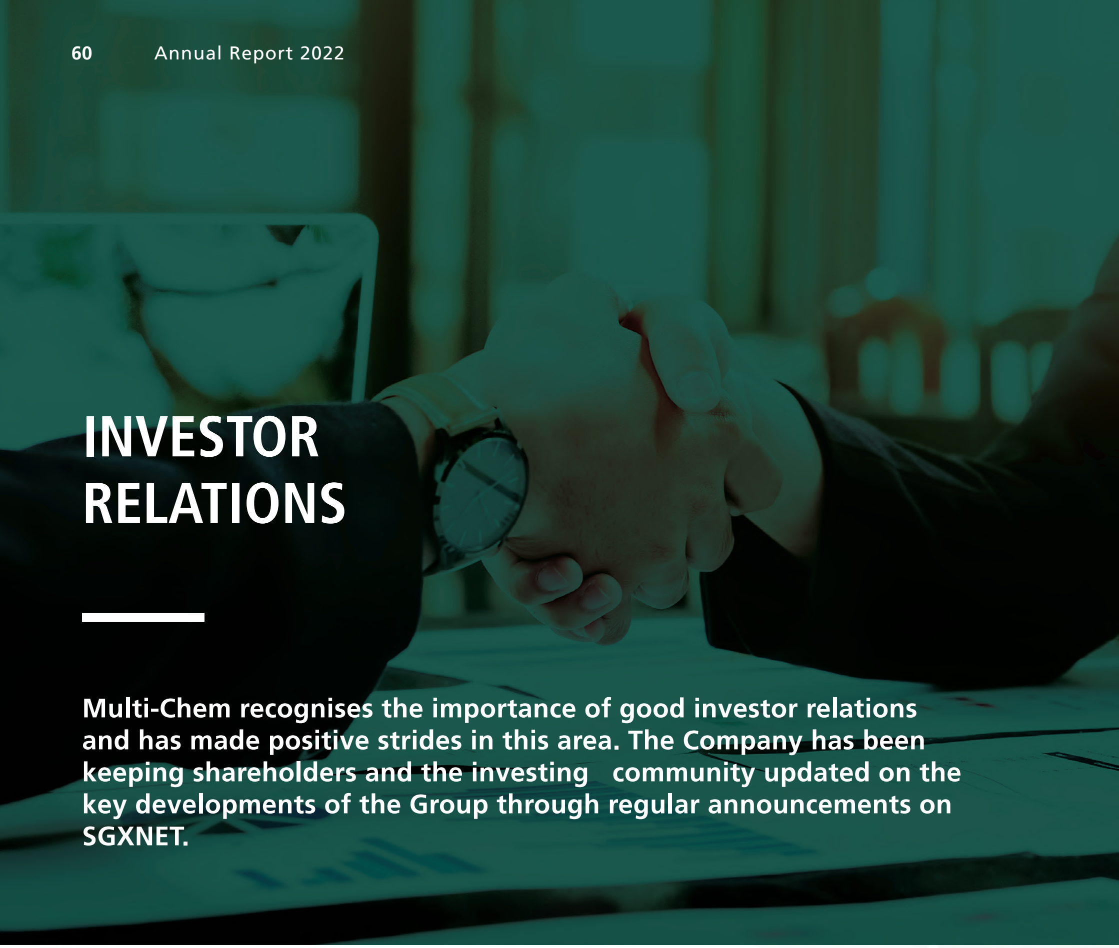
Net cash of $939,000 was used in investing activities in 12M2022, as compared to $896,000 used in investing activities in 12M2021. The change was mainly due to purchase of plant and equipment of $856,000 and purchase of club memberships of $296,000, net of proceeds from disposal of plant and equipment of $213,000 in 12M2022, as compared to purchase of plant and equipment of $737,000 and additions to right-of-use assets of $428,000, net of proceeds from disposal of plant and equipment of $269,000 in 12M2021.

Net cash of $14.5m was used in financing activities in 12M2022, as compared to net cash of $20.1m used in financing activities in 12M2021. This was mainly due to repayment of bank borrowings of $5.5m, payment of dividend of $12.2m and repayment of lease liabilities of $1.3m, net of proceeds from bank borrowings of $4.9m in 12M2022, as compared to net cash outflow from acquisition of interest in a subsidiary of $15.9m, repayment of bank borrowings of $10.5m, payment of dividend of $9.7m and repayment of lease liabilities of $1.3m, net of lift in fixed deposits pledged of $9.9m and proceeds from bank borrowings of $7.7m in 12M2021.

Cash and cash equivalents stood at $69.5m as at end of 31 December 2022, down from $74.4m as at end of 31 December 2021.

VALUE ADDED STATEMENT

Year Ended	2022	2021
	$'000	$'000
Sales	**616,980**	603,640
Purchase of goods & services	**(547,267)**	(530,145)
Gross value added from operations	**69,713**	73,495
Other operating income	**3,160**	3,513
Exchange (loss)/gain	**(3,964)**	1,476
Total value added	**68,909**	78,484
Distribution:		
To employees in salaries & other staff related costs	**40,241**	39,591
To government in corporate and other taxes	**5,599**	8,617
To providers of capital		
– Finance costs	**457**	327
Retained in the business		
– Depreciation and amortisation	**2,615**	2,615
– Non-controlling interests	**-**	2,375
– Retained earnings	**19,997**	24,959
Total distribution	**68,909**	78,484
Productivity Data		
Average numbers of employees	**718**	684
Sales per employee ($'000)	**859**	883
Value added per employee ($'000)	**96**	115
Value added per $ employment cost	**1.71**	1.98
Value added per $ net sales	**0.11**	0.13



INVESTOR RELATIONS

Multi-Chem recognises the importance of good investor relations and has made positive strides in this area. The Company has been keeping shareholders and the investing community updated on the key developments of the Group through regular announcements on SGXNET.

Multi-Chem has always made efforts to announce our results early. With the revised risk-based framework announced by Singapore Exchange Regulation which is effective on 7 February 2020, the Company announces its half yearly results to provide investors prompt half yearly updates of financial and business development of the Group.

The Company has its own corporate website www.multichem.com.sg while its IT security arm has its own website www.mtechpro.com to provide information on its products and services.

The Company will respond within two working days to all calls and emails requesting for information.

Investors are encouraged to refer to the investor guides on SGX website in regards to how to read annual reports and how to prepare for Annual General Meeting.

We will continue to place emphasis on good investor relations and make efforts on improving the information flow so that awareness about the Group and its business can be built.

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the processes and structure by which the business and affairs of the Company are directed and managed. The Board recognises that sound corporate governance is an essential part of good business practices and corporate accountability. For the financial year ended 31 December 2022, the Company has adhered to the core of principles of the Code of Corporate Governance 2018 (**"2018 Code"**) for its corporate governance practices. To the extent the Company's practices may vary from any Provisions of the 2018 Code, the Company will explain how its practices are consistent with the intent of the relevant Principles of the 2018 Code.

BOARD MATTERS

The Board's Conduct of Affairs

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

Provision 1.1 – Principal functions of the Board

The Company is led by the Board of Directors who is responsible for setting the Group's strategic vision, direction and long-term goals, for management and internal control, for approval of major projects and significant financing matters, and approval of the release of half yearly reports after the Company no longer required to release its financial statements on a quarterly basis. However, the Board continues to meet on quarterly basis. The Board provides entrepreneurial leadership, establishes effective controls to assess and manage risks as well as safeguarding shareholders' interests and Company's assets, identify key stakeholder groups and recognise their perceptions affect the Company's reputation, set Company's values and standards and consider sustainability issues as part of its strategic formulation. The Board works closely with the management and reviews management performance for the long-term success of the Company. Directors are fiduciaries who make objective decisions in the best interests of the Company and keep Management accountable. Directors monitor Management through various mechanisms in the form of policies established to address risk management and internal controls, develop organisational culture, share conduct and ethics with appropriate tone-from-the-top through conversations in each of the meetings attended by key management personnel and Directors. Should any conflict of interest arise during the meeting, the particular Director facing conflicts of interest is to disclose his/her interest and recuse from the meeting after providing his/her views.

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the interests of the Company for the financial year ended 31 December 2022.

Provision 1.2 – Directors' orientation and training

The Board has approved an annual training budget for each Director to attend relevant training and professional development programmes. Directors are encouraged to attend programmes organised by the Accounting and Corporate Regulatory Authority and the Singapore Institute of Directors. Each Director will determine the courses best suited to that Director to develop relevant competencies for effective discharge of duties as a Director. During the year, the Board was briefed and updated on the latest changes to the Listing Manual requirements by the Company Secretary, developments in accounting by the external auditor, updates on internal controls from the internal auditor and business development from the Chief Executive Officer

CORPORATE GOVERNANCE REPORT

(**"CEO"**). The Board also receives relevant updates, if required, on changes in the business environment, relevant new laws, regulations and changing commercial risk.

All Directors have completed the course on sustainability matters organised by the Singapore Institute of Directors ("SID") as required under Rule 720 of the Listing Manual.

Any newly appointed Director will be given briefings on the business activities of the Group, its strategic directions, governance practices and Director's duties and obligations. He/she will be given the opportunity to visit the Group's operational facilities to gain a better understanding of the Group's business operations. Upon appointment of a Director, the Company provides a formal letter of appointment to the Director. Where the Company appoints a new director who does not have any prior experience as a director of a listed company, the new appointee would be required to attend the Listed Company Director Programme conducted by the Singapore Institute of Directors. No new Director was appointed in 2022.

Provision 1.3 – Matters requiring Board's approval

Matters that are reserved for the Board include board policy decisions, material acquisitions and disposals of assets, nomination and approval for appointment of Directors, announceable matters to the Singapore Exchange Securities Trading Limited (**"SGX-ST"**), proposal of dividends, approval of Statement by Directors and audited financial statements, corporate or financial restructuring and other significant corporate actions. In addition to physical meetings, written resolutions are on occasion also circulated to the Directors for approval.

Board approval has to be sought for transactions not in the ordinary course of business if any such transaction exceeds $2.0M in value. To facilitate operational efficiency, Board approval would not be required for day-to-day decisions and matters that are operational in nature, even though such single transaction may exceed $2.0M in value.

The Board has delegated certain functions to various Board committees, namely the Audit and Risk Management Committee (**"ARMC"**), the Nominating Committee (**"NC"**) and the Remuneration Committee (**"RC"**). Each of the Committees has written terms of reference with authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for final decision on all matters lies with the Board. The effectiveness of each Board Committee will be constantly reviewed by the Board.

Provision 1.4 – Delegation by the Board
Provision 1.5 – Board meetings, attendance and multiple commitments

The Board meets at least once on a quarterly basis even though the announcement of the Group's results is on a half yearly basis. Where circumstances require, the Board will arrange for telephonic and video conference meetings. Minutes of all Board Committee and Board Meetings are circulated to its members for review and confirmation. These minutes enable Directors to be kept abreast of matters discussed at such meetings. Matters arising from each meeting will be followed-up and reported to the Board. Additional meetings may be convened on ad-hoc basis, as necessary, from time to time. Where appropriate, Directors made decisions by passing resolutions in writing as if it had been passed at the Directors' meeting. The number of board meetings held in 2022 and attendance of every Director at the Board meetings and respective Board Committees meetings are disclosed as follows:

CORPORATE GOVERNANCE REPORT

Name of Director	Board		ARMC		RC		NC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Keng Jin (Chairman, Non-executive and Independent Director)	2	2	2	2	1	1	1	1
Foo Suan Sai (Chief Executive Officer)	2	2	–	–	–	–	1	1
Han Juat Hoon (Chief Operating Officer)	2	2	–	–	–	–	–	–
Foo Fang Yong (Executive Director)	2	2	–	–	–	–	–	–
Wong Meng Yeng (Non-executive and Independent Director)	2	2	2	2	1	1	1	1
Neo Mok Choon (Non-executive and Independent Director)	2	2	2	2	1	1	1	1
Foo Maw Shen (Non-executive and Independent Director)	2	2	2	2	1	1	1	1

The Board is satisfied that the Directors have devoted sufficient time and attention to the affairs of the Company. Although some of the Directors have multiple board representations, the Board is of the view that they widen the experience of the Board and give it a broader perspective. Details of the other principal commitments of the Directors are set out in the Board of Directors section of this Annual Report.

Provision 1.6 – Access to information

Timely communication with members of the Board is effected through electronic means which include electronic mail and teleconferencing. Management circulates reports relating to operational and financial performance of the Group and Company prior to the Board meetings with complete, adequate and timely information and on an ongoing basis. Information provided includes internal financial statements, budgets and forecasts with explanation for any material variances. The information enables Directors to engage in meaningful discussions to make informed decisions. Additional reports are also available upon request. Monthly management accounts are also provided to the Directors.

Provision 1.7 – Access to Management, Company Secretary and External Advisers

A calendar of meetings is scheduled for the Board at the beginning of the year. All Directors have unrestricted access to the Group's records and information. The Directors have also been provided with the phone numbers and email particulars of the key management personnel

CORPORATE GOVERNANCE REPORT

and Company Secretary for separate and independent access. The Company Secretary works with the Chairman of the Board and Board Committees in preparing the agenda for meetings and/or reviewing the relevance of the items in the proposed agenda. The role of the Company Secretary includes responsibility for ensuring Board procedures are followed and that applicable rules and regulations, including requirements of the Companies Act 1967 (the "**Act**") and the Listing Manual of the SGX-ST ("**Listing Manual**") are complied with and provides the Board with regular updates of the latest governance and listing policies. The Company Secretary attends all Board and Board Committees Meetings. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1 – Board Independence
Provision 2.2 - Majority Independent Directors where Chairman is not independent
Provision 2.3 - Majority Non-Executive Directors in a Board

Currently, the Board consists of seven members, out of whom four are non-executive and independent Directors. There is a strong and independent element on the Board with independent and non-executive Directors making up a majority of the Board.

The independence of each Director is reviewed annually by the NC. The criterion of independence is determined based on the guidelines and definition provided in the 2018 Code and Listing Manual. An independent director represents the minority shareholders and one who is independent in conduct, character and able to exercise independent business judgement in the best interests of the Company and has no relationships with the Company, related corporations, its substantial shareholders or officers, management and/or companies within the Group. The Board is able to exercise independent judgement on corporate affairs and provide management with a diverse and objective perspective on issues. The NC considers the following while reviewing the independence of Directors:–

1. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service.

2. Whether a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). Payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question.

3. Whether a director is or has been directly associated with a substantial shareholder of the Company, in the current or immediate past financial year.

CORPORATE GOVERNANCE REPORT

The Board reviewed independence of Directors annually based on Rule 210(5)(d) of the Listing Manual which sets out the specific circumstances in which a director should be deemed non-independent. These circumstances include:

(a) a director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;
(b) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;or

(c) if he has been a director for an aggregate period of more than nine years (whether before or after listing) which such director may continue to be considered independent until the conclusion of the next annual general meeting for the financial year ending 31 December 2023 (effective 11 January 2023).

The NC also reviewed the declaration of independence of each Director and was satisfied that all Independent Directors were considered independent for the purpose of Provision 2.1 of the 2018 Code and Rule 210(5)(d) of the Listing Manual. The Independent Directors do not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors are not employees of any company within the Group and they bring diverse experience to the Company's decision-making process. Apart from receiving Director's fees, they do not have any other material pecuniary relationship or transactions with companies within the Group or the management, which in the judgement of the Board may affect their independence of judgement.

Continued appointment as Independent Director for Mr Wong Meng Yeng, Mr Lim Keng Jin, Mr Neo Mok Choon and Mr Foo Maw Shen, pursuant to Rule 210(5)(d)(iii) of the Listing Manual (deleted on 11 January 2023) for a director who has served on the Board for more than 9 years, was approved in separate resolutions passed by (a) all shareholders; and (b) shareholders excluding the Directors and CEO of the Company, and their associates ("Two-tier voting") at the Annual General Meeting (**"AGM"**) held on 29 April 2021 and 27 April 2022 respectively. Their appointment as Independent Director continues until the conclusion of the Company's AGM for the financial year ending on 31 December 2023.

Mr Wong Meng Yeng, Mr Lim Keng Jin, Mr Neo Mok Choon and Mr Foo Maw Shen met the requirements set out in Rule 210(5)(d)(i) and (ii) of the Listing Manual, as explained under item (a) and (b) above, and remain as Independent Directors during the transitional period between 11 January 2023 and the Company's AGM for the financial year ending 31 December 2023. The Board will review the composition of the Board and Board Committees to ensure compliance with the Listing Manual.

The NC and the Board have determined that Mr Wong Meng Yeng, Mr Lim Keng Jin, Mr Neo Mok Choon and Mr Foo Maw Shen remain objective and independent-minded in Board deliberations. Their vast experience enables them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service do not in any way interfere with their exercise of independent judgement nor hinder their ability to act in the best interest of the Company. More importantly, the Board trusts that they are able to continue to discharge their duties independently with integrity and competency. The Board is of the view that all Independent Directors remain independent in the exercise of their judgement on Board matters.

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One of the cornerstones of the Board's effectiveness and the Company's success is the relative stability of the Board's composition. Longer-serving Board members bring valuable knowledge of the Group's businesses, contribute to value creation by their unique skills and experiences and are able to provide strategic direction and oversee management's performance in the medium to long-term. Succession planning at the Board level takes this critical factor into account. Board renewal is carried out progressively with the addition of carefully selected new members. The Board, with guidance of the NC, continues to review the succession plan of the Board.

The Board is of the view that an effective blend of skills, experiences and knowledge in areas identified by the Board should remain a priority. It is imperative to construct a quality board based on caliber, breadth of perspective and chemistry that allow effective execution of corporate governance and strategic oversight. This would facilitate decision-making for generating long-term values to various stakeholders.

Provision 2.4 - Board composition and diversity

The Board comprises seven (7) Directors as follow:

Lim Keng Jin - Chairman, Non-executive and Independent Director
Foo Suan Sai - Chief Executive Officer
Han Juat Hoon - Chief Operating Officer
Foo Fang Yong - Executive Director
Wong Meng Yeng - Non-executive and Independent Director
Neo Mok Choon - Non-executive and Independent Director
Foo Maw Shen - Non-executive and Independent Director

The Board has adopted a Board Diversity Policy and works towards implementing the objectives of a diverse Board to enhance its performance and work towards its long-term objectives. A diverse Board will enhance the decision-making process of the Board through perspectives derived from the various skills, industry and business experiences, gender, age, tenures of service and other distinctive qualities of the Directors.

Among the core diversity characteristics are gender and Board comprises directors with range of skills and knowledge with experiences in different industry. Currently, the Board has one female Director who actively participate in discussions. The NC will intentionally include female candidates in the search for Board candidates and is committed to advance female candidates, who met the required skills and experiences, for appointment as a Director.

The next diversity characteristics is diversity in terms of skills and knowledge with experiences in different industry. Currently, the Board comprises Directors who comes from various professions. These include accounting or finance, legal, business or management experience and engineering. Specific expertise and experience of Directors are set out in the Board of Directors section of this Annual Report.

Diversity in the average tenure of service for Independent Directors is the focus recently following changes in the Listing Manual effective 11 January 2023 while the Board had sought to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board with the appointment of Independent Directors would take time until 30 April 2024.

CORPORATE GOVERNANCE REPORT

The Board is of the view there is an appropriate balance and diversity of skills, experience, gender and age. Apart from the diversity of skills and experiences, the Board is also not uni-gender.

Provision 2.5 – Meeting of Non-Executive Directors and/or Independent Directors without Management

The Board acknowledges the important contribution of non-executive Directors. Non-executive Directors are independent of the management and business or other relationships which could materially interfere with the exercise of independent judgement. Non-executive Directors constantly challenge and provide a different perspective or wider view of external factors affecting the Company and its business environment. Non-executive Directors also review the performance of management, especially relating to the progress of achieving agreed goals and objectives and monitor the reporting of performance to the Board. In 2022, the non-executive Directors led by the Independent Chairman have met (without presence of Management) on several occasions.

Key information regarding the Directors' academic and professional qualifications and other appointments is set out on the Board of Directors section of the Annual Report.

Chairman and Chief Executive Officer ("CEO")

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 – Separation of the role of the Chairman and the CEO
Provision 3.2 – Role of the Chairman and the CEO

The roles of Chairman and CEO are separated. The Chairman of the Company is Mr Lim Keng Jin who is an Independent Director while Mr Foo Suan Sai is the CEO.

As Chairman of the Board, Mr Lim Keng Jin's role includes:
- Scheduling of meetings that enable the Board to perform its duties while not interfering with the flow of the Company's operations;
- Setting meeting agenda;
- Exercising control over quality, quantity and timeliness of the flow of information between management and the Board;
- Assisting in ensuring compliance with the Company's guidelines on corporate governance; and
- Encouraging constructive relations between executive Directors and non-executive Directors and facilitating the effective contribution of non-executive Directors in particular.

The CEO, Mr Foo Suan Sai manages the business of the Company, sets business strategies and direction for the Group and implements the Board's decisions. Mr Foo Suan Sai also provides business updates to the Board and shares strategy and goals. As CEO, Mr Foo Suan Sai is responsible for succession planning for key management personnel.

The Board had established in writing the division of responsibilities between the Chairman and the CEO.

CORPORATE GOVERNANCE REPORT

The Chairman is independent with each Board Committee chaired and led by an Independent Director. There is a balance of power and authority in the Board. Independent Directors met regularly without the presence of other Directors. Independent Directors are available to shareholders where they have concerns and for which contact through the normal channels of communication with the Management has failed to resolve or for issues where such contact is inappropriate or inadequate.

Provision 3.3 – Lead Independent Director

As there is clear separation in the roles of Chairman (who is an Independent Director) and CEO, to preserve effective corporate governance, the appointment of a Lead Independent Director is not necessary.

Board Membership

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

Provision 4.1 and 4.2 – Roles and composition of the NC

Board membership is under the purview of NC which comprises Mr Wong Meng Yeng as Chairman. Mr Lim Keng Jin, Mr Foo Suan Sai, Mr Neo Mok Choon and Mr Foo Maw Shen are members of NC. A majority of the NC is non-executive and independent, including the NC Chairman.

The NC has written terms of reference that describe its objectives, duties and responsibilities. The objective of the NC is to maintain an effective Board and to ensure that only competent individuals capable of contributing to the success of the Company are appointed. The NC's main functions as defined in the written terms of reference are as follows:

(a) make recommendations to the Board on all board appointments;

(b) assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board;

(c) determine annually whether or not a Director is independent;

(d) recommend of re-nomination and re-election of Directors;

(e) review of training and professional development programmes for the Board and its Directors;

(f) review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; and

(g) review plans and targets related to Board diversity.

Provision 4.3 – Board Renewal

The Board has a process for the appointment of new director whereby the NC will evaluate the core competencies of the directors so as to determine suitable skills and expertise to strengthen or complement the Board, taking into consideration the need for progressive renewal of the Board. Where new appointments are required, the Board considers the candidate's track record, age, experience, and capabilities and meet with such candidates before a decision

CORPORATE GOVERNANCE REPORT

is made on the selection. The criteria for identifying candidates and reviewing nominations for appointments will include also gender and other forms of diversity. The Board will tap on the industry information and personal contacts of current Directors and senior management for recommendation of suitable candidates. The Board is of the view that the skills and knowledge of each Director contributes to the core competencies of the Board. The NC promotes transparency in the selection and appointment of new Board members as well as their subsequent re-nomination/re-election.

A Director who wishes to retire or resign should provide sufficient notice to the Board so that a replacement may be appointed before he leaves. In the event of any vacancy, the Company shall endeavour to fill the vacancy within two months, but in any case not later than three months.

All Directors have to submit themselves for re-nomination/re-election at regular intervals or at least once every three years in accordance with Regulation of 106 of the Company's Constitution. Based on the rotation list of directors due for retirement, Madam Han Juat Hoon, Mr Lim Keng Jin and Mr Wong Meng Yeng are due for retirement as a director at the forthcoming AGM. Madam Han Juat Hoon, Mr Lim Keng Jin and Mr Wong Meng Yeng respectively has consented to re-election at the forthcoming AGM. The NC had recommended to the Board that Madam Han Juat Hoon, Mr Lim Keng Jin and Mr Wong Meng Yeng be nominated for re-election at the AGM in accordance with Regulation 106 of the Company's Constitution. In reviewing the re-election of Directors, the NC has considered criteria such as the Director's contribution and performance, attendance, preparedness, participation, candour and suitability, and if applicable, assessment of the Director's independence. The NC is satisfied that the Directors under review have been adequately carrying out their duties as a Director of the Company. Please refer to the section "Disclosure of Information on Directors seeking re-election in this Annual Report" for more information on Madam Han Juat Hoon, Mr Lim Keng Jin and Mr Wong Meng Yeng.

Provision 4.4 : Independence review of Directors

The NC has reviewed (with each NC member who is an Independent Director recused himself from determining his own independence) and determined that Mr Wong Meng Yeng, Mr Lim Keng Jin, Mr Neo Mok Choon and Mr Foo Maw Shen are independent as at the date of this Annual Report having regard to the circumstances set forth in Provision 2.1 of the 2018 Code and the Listing Manual. The Independent Directors do not have any relationship with the Company, related corporations, its substantial shareholders or officers. The Independent Directors are not employees of any company within the Group. Their experience in finance, business, law and engineering enables them to exercise objective judgement on corporate affairs independently.

Provision 4.5 - Duties and obligations of Directors

The Board is of the view that the current size of the Board is appropriate for effective decision making taking into account the scope and the nature of the operations of the Company and as a group provides valuable perspectives and knowledge of the Company. The Board, with the review by NC, has annually examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. As a team, the Board collectively provides core competencies in the areas of finance, business, law and engineering.

CORPORATE GOVERNANCE REPORT

The Board has not determined the maximum number of listed company board representations which any director may hold. The Board reviewed and agreed that Directors with multiple listed company board representation and other principal commitments were able to and have been adequately carrying out their duties as a Director of the Company. Although the non-executive Directors hold directorships in other companies which are within the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors would widen the experience of the Board and give it a broader perspective.

The Board's succession planning begins with the appointment of new directors to the Board. The Board recognised the importance of identifying potential candidate within the Company for succession planning for the CEO and key management personnel. The NC reviews succession plan annually to ensure continuity of leadership.

The Company has no alternate director.

Key information regarding the Directors of the Company are disclosed as follows:

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding five years in other listed company
Foo Suan Sai	30 September 1988	27 April 2022	Chief Executive Officer	Member of Nominating Committee	None
Han Juat Hoon	16 May 1987	29 April 2021	Chief Operating Officer	None	None
Foo Fang Yong	28 May 2015	27 April 2022	Executive Director	None	None
Wong Meng Yeng	5 January 2000	29 April 2021	Independent Director	Chairman of Nominating Committee, Member of Audit and Risk Management Committee and Remuneration Committee	Keong Hong Holdings Limited (Retired on 21 January 2020) Baker Technology Limited
Lim Keng Jin	29 April 2005	29 April 2021	Independent Director and Chairman	Chairman of Remuneration Committee, Member of Audit and Risk Management Committee and Nominating Committee	None

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Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding five years in other listed company
Neo Mok Choon	1 August 2012	29 April 2021	Independent Director	Chairman of Audit and Risk Management Committee, Member of Nominating Committee and Remuneration Committee	None
Foo Maw Shen	31 July 2014	27 April 2022	Independent Director	Member of the Audit and Risk Management Committee, Nominating Committee and Remuneration Committee	Sakae Holdings Ltd. (Resigned on 16 October 2019)

Details of other principal commitments of the Directors have been set out in the Directors' Profile of this Annual Report.

Summary of activities of the NC is set out below:

- Reviewed structure, size and composition of the Board and Board Committees
- Reviewed independence and time commitment of Directors.
- Reviewed training for Directors.
- Evaluated the Board, Board Committee, Chairman and individual Directors performance.
- Reviewed results of performance evaluation and feedback to the Chairman and Board Committees.
- Reviewed succession planning for Chairman, CEO and key management personnel.
- Reviewed Board Diversity Policy.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Provisions 5.1 and 5.2 – Board Evaluation Process

The Board's performance is ultimately reflected in the performance of the Group. The Board shall, at all times, act honestly and use reasonable diligence and care in the discharge of the duties of their office. They have to carry their duties in the best interests of the Company and its shareholders. Board members must attend at least 75% of all Board Meetings.

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The NC has established an appraisal process to annually assess the performance and effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of the Chairman and contribution by each individual Director to the effectiveness of the Board. Each Director is required to complete a questionnaire so that the Board considers the performance and effectiveness in its entirety. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, and the Board's performance in relation to discharging its principal responsibilities. The assessment of Board Committees reviews the effectiveness of each Board Committee to address matters delegated in the Terms of Reference and guidelines of the 2018 Code. Directors assessed the contribution by the Chairman in terms of leadership and communication to stakeholders. Assessment on the contribution by each individual Director allow Directors to assess how well Directors perceive themselves and each other to be contributing positively to the work of the Board in terms of leadership, communication skills and effectiveness of risk management. The findings of such evaluations were analysed and discussed with a view to enhance the effectiveness of the Board. The Board was updated on the analysis of such evaluations. The Board concurred and supported the suggestions of the NC to bring about Board effectiveness especially in terms of strategic issues. No external facilitator was used to conduct the evaluation of Board performance.

Performance of Board members is also evaluated informally on a continual basis by the NC according to their contribution during meetings and also their input to the Company on matters related to corporate governance, legal or accounting matters, based on their individual expertise.

During 2022, there was no change to the criteria used to evaluate the performance and effectiveness of the Board as a whole and its Board Committees and for assessing the contribution of the Chairman and contribution by each individual Director to the effectiveness of the Board. The NC is of the opinion that the above performance evaluation criteria are currently adequate. Each Director continues to contribute effectively and demonstrate commitment to the appointed role.

REMUNERATION MATTERS

Procedures for developing remuneration policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2 – Composition of the RC

The RC comprises four members, who are all non-executive and Independent Directors. The RC is chaired by Mr Lim Keng Jin, an Independent Director. Mr Wong Meng Yeng, Mr Neo Mok Choon and Mr Foo Maw Shen are members of the RC. The RC meets at least once a year. The RC has a written terms of reference that describe its objectives, duties and responsibilities. The objectives of the RC are to facilitate appropriate transparency and accountability to shareholders and make recommendations to the Board on remuneration matters of the Director, CEO and key management personnel.

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The RC's main responsibilities as written in the terms of reference which include recommending to the Board on:-

(a) a framework of remuneration for the Board and the key management personnel of the Group covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind;

(b) specific remuneration packages for each Director and key management personnel;

(c) reviewing the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies and considering long-term incentives.

Provision 6.3 – Remuneration framework

The RC reviews the performance of the CEO, Chief Operating Officer and key management personnel, as well as reviewing and approving executive remuneration including but not limited to Directors' fees, salaries, allowances, bonuses and benefits based on benchmarking exercises with industry peers. The recommendations from the RC will be submitted for endorsement by the entire Board. No RC member or any Director is involved in deliberation in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

Provision 6.4 – Remuneration consultant

The Company did not seek expert advice inside and/or outside the Company on remuneration of all Directors.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1 and 7.3 – Remuneration of Executive Directors and KMPs
Provision 7.2 – Remuneration of Non-Executive Directors

The Executive Directors, Mr Foo Suan Sai and Madam Han Juat Hoon, are also the substantial shareholders of the Company. Their interests are therefore in line with the Company's interest. Remuneration of Mr Foo Suan Sai and Madam Han Juat Hoon is in accordance with their service contracts. There is a linkage between remuneration paid to executive Directors and performance of the Company based on a profit sharing scheme. The profit sharing scheme is approved by the Board with the concurrence of the Remuneration Committee on an annual basis.

Remuneration packages of key management personnel are proposed by the CEO and are linked to the performance of the individual and the Group based on benchmarking exercises with industry peers to ensure competitiveness.

Remuneration packages of the Executive Directors and key management personnel are structured to focus on achieving sustainable performance and create value in the short, medium, and long term taking into account strategic objectives and business model of the Group. With sustainable creation of value for the Company's key stakeholders, comprising

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communities, customers, employees, regulators, shareholders and vendors, these performance-related remuneration ensure the Company remains focused on the path to achieving long-term success. For example, the Board's implementation of strategy towards customer satisfaction through the offer of extensive and comprehensive product range (developed by employees under the guidance of key management personnel) that meet the market's needs benefit our customers and vendors. With performance-related remuneration of Executive Directors and key management personnel structured to link rewards to corporate and individual performance, the long-term success of the Company becomes sustainable.

Remuneration of Non-Executive Directors takes into account the effort and time spent, including the responsibilities of each Director. Non-Executive Directors are paid Directors' fees, which are subject to approval of the shareholders at the AGM.

The Board comprises majority Independent Directors some of whom hold shares in the Company and their interests are aligned with the interests of shareholders.

Provision 7.3 – Long Term incentives

The Company currently does not have any share option scheme or any long term scheme in place as the Company believes "pay holds employees accountable" for improving shareholder value and drive productivity profit. The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from Executive Directors and key management personnel in exceptional cases of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Disclosure on Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 – Disclosure of remuneration

Remuneration is fixed in accordance with the experience of the person in question, the role performed, market comparison, the contribution of the individual and/or the performance of the Company and the Group.

The number of Directors whose remuneration falls within the following bands:

Remuneration Bands (in Singapore Dollars)	2022	2021
$3.25M to below $3.5M	**-**	1
$2.75M to below $3.0M	**1**	-
$2.5M to below $2.75M	**-**	1
$2.0M to below $2.25M	**1**	-
$1.25M to below $1.5M	**-**	1
$1.0M to below $1.25M	**1**	-
Below $250,000	**4**	4
Total	**7**	7

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The annual remuneration bands (in Singapore Dollars) of the Executive Directors and the key management personnel as at 31 December 2022 are set out below:

FY2022	Base Salary%	Variable Bonus%	Profit Sharing %	Benefits %	Fees %	Total %
Directors $2.75M to below $3.0M						
Foo Suan Sai	30	-	68	2	-	100
$2.0M to below $2.25M						
Han Juat Hoon	28	-	70	2	-	100
$1.0M to below $1.25M						
Foo Fang Yong	38	-	61	1	-	100
Key management personnel $500,000 to below $750,000						
Pui Boon Tiong Eugene	50	47	-	3	-	100
$250,000 to below $500,000						
Koh Henry	66	28	-	6	-	100
Below $250,000						
Goh Tian Keong Winston	76	-	-	24	-	100
Zhao Yu (1)	67	33	-	-	-	100
Zhang Xiaowen Amanda (2)	83	16	-	1	-	100

(1) Ms Zhao Yu resigned as Chief Financial Officer on 30 June 2022.
(2) Ms Zhang Xiaowen Amanda was appointed as Financial Controller on 30 June 2022.

The annual remuneration of Independent Directors as at 31 December 2022 are set out below:

FY2022	Base Salary $	Variable Bonus $	Profit Sharing $	Benefits $	Fees $	Total $
Wong Meng Yeng	-	-	-	-	*54,450.00	54,450.00
Lim Keng Jin	-	-	-	-	*72,600.00	72,600.00
Neo Mok Choon	-	-	-	-	*63,525.00	63,525.00
Foo Maw Shen	-	-	-	-	*50,668.75	50,668.75

*The amount of Directors' fees proposed to be payable to the Non-Executive Directors (including the Independent Directors) for FY2022 are subject to the approved of shareholders at the forthcoming AGM.

For reasons of competition, the Company is not disclosing each Executive Director's remuneration. Instead, the Company is disclosing the remuneration of each Executive Director in bands of $250,000. The Group remunerates its key management personnel competitively. To secure the very best talented personnel especially in the competitive IT distribution and IT training business and due to the competitiveness for such talent, the Company is not disclosing the aggregate remuneration paid to the key management personnel of the Group in this report. The Board is of the view that specific remuneration disclosure of each Executive Director and aggregate remuneration of key management personnel is not in the best interest of the Company, considering the highly competitive IT industry and may adversely affect the Company's talent retention efforts, given the sensitive nature in the IT industry for key talent. Talent and workforce matters have become even more important in the current pandemic as the Board thinks strategically about talent.

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Remuneration of Mr Foo Suan Sai and Madam Han Juat Hoon are in accordance with their respective service contracts with the Company. Remuneration of Mr Foo Fang Yong is in accordance with his employment contract with the Company. For the key management personnel, the remuneration is based on their respective employment contract with the Company and fixed based on the above factors as well as negotiation between the parties concerned.

Provision 8.2 – Remuneration of related employees

There are three employees who are immediate family members of a Director or the CEO. However, their remuneration does not exceed $100,000 during FY2022.

Provision 8.3 – Forms of remuneration and details of employee share schemes

The Company does not have any employee share scheme.

Summary of activities of RC in 2022 is as follow:

- Reviewed remuneration packages of key management personnel and employees related to substantial shareholder which includes salary adjustments and bonus.
- Reviewed remuneration package of the Executive Directors which includes salary and profit sharing bonus.
- Reviewed and recommended Directors' fees for approval of shareholders at the AGM.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders

Provision 9.1 – Nature and extent of risks

The ARMC takes on the corporate governance and oversight responsibilities in respect to risk management of the Group and each subsidiary.

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk while at the same time achieving strategic objectives and value creation.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls (including financial, operational, compliance and information technology controls) and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk focused culture throughout the Group for effective risk governance.

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The Board has approved an Enterprise Risk Management (**"ERM"**) Framework (**"ERM Framework"**) for the identification of key risks within the business which is aligned with the ISO 31000:2018 - Risk Management. To enhance the effectiveness of the ERM Framework, the Group implemented Orion ERM system, a third party software that automates the risk management, internal control and assurance functions and enables these functions to be managed on an integrated platform.

The ARMC oversees risk governance which includes the following roles and responsibilities:

- proposes the risk governance approach and risk policies for the Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by management; and
- reviews management's assessment of risks and management's action plans to mitigate such risks.

Under the ERM Framework:

(a) Risks identified are aligned with the objectives of the Group;

(b) A risk reporting structure is defined to identify the risk owners, approvers, champions and their respective risk responsibilities;

(c) A risk reporting process is established which includes the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks; and

(d) Risks are evaluated on a common measurement matrix based on the likelihood and consequence of each risk identified. The risks are first identified on a gross level and subsequently on a residual level considering the risk treatment measures in place. The residual risk level determines the extent or risk exposure and further risk treatment measures required.

Each risk identified is assigned with a risk level to determine the actions required as illustrated in the table below:

Exposure Level	Risk Level	Acceptable Level/ Action Requirements
I	Extreme Risk	Not acceptable: • Immediate action required. • Must be managed by senior management with a detailed treatment plan.
II	High Risk	Generally not acceptable: • Senior management attention needed and management responsibility specified. • Treatment plans to be developed. • Must be monitored on regular frequency.
III	Medium Risk	Acceptable: • Management responsibility must be specified. • Treatment plans to be developed. • On-going monitoring and review.

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Exposure Level	Risk Level	Acceptable Level/ Action Requirements
IV	Low Risk	Acceptable: • Manage by routine processes / procedures. • Consider the implementation of additional controls, only if they are a clearly quantifiable cost benefit. • On-going monitoring and review.
V	Negligible Risk	Acceptable: • Manage by routine processes / procedures; • Unlikely to require specific application of resources.

An ERM exercise was performed in FY2022 involving middle and senior managers of the Group, including the C-Suite executives. Key risk identified, arising from the ERM exercise, are as follows:

S/N	Risk title and description	Risk level		Risk treatment
		Gross	Residual	
1	<u>Adverse change in economic conditions and market conditions</u> A deterioration in operating environment, market conditions and inflation may arise due to events such as geo-political conflicts, new pandemic and climate changes. Such events may bring about dampening of market demand and cause supply chain disruptions leading to general price increases. Suppliers may also pass on climate related regulatory costs such as carbon tax to the Group by way of price increase. Should the deterioration persist, the business and financial performance of the Group may be adversely impacted.	High	High	The Group seeks to minimise adverse effects from deterioration in economic conditions and market conditions due to external events such as the pandemic outbreak, geo-political situations and climate changes. Key mitigating controls in place include maintaining a competent and experienced team, putting in place an effective IT system and close monitoring of financial performance.
2	<u>Dependency on key distributor rights</u> The Group is principally involved in the distribution of IT security products for vendors. Distribution rights may be lost due to: (i) change in ownership structure of vendors, resulting in termination of business relationships; (ii) inability to meet sales targets set by the vendors; (iii) non or late repayment of balances due to vendors for purchases; (iv) non-compliance with the terms of distributorship agreements with the vendors: and (v) changes in strategic direction of vendors.	High	Medium	The Group focuses on building sustainable relationships with its key vendors to retain distribution rights. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place an effective IT system, regular business review with vendor and regular review of financial performance.

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S/N	Risk title and description	Risk level		Risk treatment
		Gross	Residual	
3	Dependency on key managers and staff The Group's operations are dependent on the management and support staff. If the Group is unable to retain, attract and hire competent and experienced staff, the ability to run the operations may be adversely affected.	Extreme	Medium	The Group focuses on building and maintaining a conducive, fulfilling and rewarding work environment to address the risk of staff turnover. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures and maintaining formal performance tracking, evaluation and feedback controls.
4	Foreign exchange losses The Group operates in multiple countries in which some are developing countries with volatile currencies. Given that sales are typically transacted in local currencies and should there be a sudden currency devaluation, the Group may suffer significant exchange loss that will adversely affect its financial performance.	Extreme	Medium	The Group seeks to minimise adverse effects from the volatility of foreign exchange rates though adequate and effective tracking and planning. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, maintaining an effective IT system, close monitoring of foreign exchange positions.
5	IT system failure leading to business disruptions The Group is reliant on various systems to support its operations. System failures due to accidents such as fire, power failure, virus attacks or unauthorised intrusions may result in loss of key operating data and operational disruptions.	High	Medium	The Group is focused on building and maintaining a robust and secured information technology infrastructure. Key mitigating controls in place include maintaining a competent and experienced team to support business operations, performing regular backup procedures and adopting sufficient security controls for systems in place.
6	Inability of customers to meet their obligations Customers comprise mainly re-sellers that are mostly system integrators installing IT systems for end users such as financial institutions or governmental bodies. Non-payment of overdue balances will affect the Group's financial performance and cash flows	High	Medium	The Group follows up closely with its customers to minimise the adverse effects on financial performance and cash flows from non-collectable customer balances. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, establishing credit limit, putting in place an effective IT system and regular review of financial performance.

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S/N	Risk title and description	Risk level		Risk treatment
		Gross	Residual	
7	Fraud and irregularities The Group is exposed to the risk of fraud, bribery and irregularities, such as: (i) misstatements in the financial statements; (ii) misappropriation of assets, such as cash and inventory; and (iii) acceptance of bribes by employees in return for favor in purchases/award of contracts.	Medium	Low	The Group is committed to maintain high standards of corporate governance. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, putting in place an effective IT system and whistle-blowing mechanism.
8	Non-compliance with laws and regulations Disputes may arise between the Group and counter parties in which contractual relationships have been established due to reasons such as disagreements over scope of responsibilities and specification of products/ services. In the event that the disputes cannot be resolved satisfactorily, the Group may be the subject of legal or arbitration proceedings and will need to defend such actions. This may have an adverse impact on the reputation and financial performance of the Group.	Medium	Low	The Group focuses on ensuring compliance with contracts to avoid disputes with counterparties. Key mitigating controls in place include maintaining a competent and experienced team, implementing adequate, effective policy and procedures, including clauses in contracts to limit risk exposure and implementing a centralised filing system for contracts.

The above section discusses the key risks that have emerged and which may have a significant impact on the Group's financial and operating performance. It is not intended to provide a complete discussion of all risks that may impact the Group. Other risks which the Group is unaware of or which are not currently deemed to be significant may be material in the future and have a considerable adverse effect on the Group's financial and operating performance. The risk treatments mentioned above represent our best endeavours but do not provide absolute assurance that the Company will not be adversely affected by any risk event that can be reasonably foreseen as it strives to achieve its business objectives.

Management presented its annual report to the ARMC and the Board on the Group's risk profile, status of risk mitigation action plans and results of various assurance activities carried out during FY2022 on the adequacy and effectiveness of the Group's risk management and internal controls including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal and external audits performed by internal and external auditors. For FY2022, control self-assessment was performed using the Orion ERM system.

Based on the Risk Management Framework and internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the management, various Board Committees and the Board, the ARMC and the Board are satisfied that the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) were adequate and effective for

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the financial year ended 31 December 2022 to address financial, operational, compliance and information technology risks.

The Board noted that system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also noted that no system of internal controls (including financial, operational, compliance and information technology controls) and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Provision 9.2 – Assurance from the CEO and Financial Controller

The Board had identified the Financial Controller as the key management personnel responsible for the Company's risk management and internal control systems. The Board had obtained a written confirmation from the CEO and Financial Controller:

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls). The CEO and Financial Controller have obtained assurance from the respective risk and control owners.

Audit and Risk Management Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3 – Composition of the ARMC

The ARMC comprises four members, all are non-executive and Independent Directors. The ARMC is chaired by Mr Neo Mok Choon. The other ARMC members are Mr Lim Keng Jin, Mr Wong Meng Yeng and Mr Foo Maw Shen. The ARMC members have accounting or related financial management expertise and experience. The NC is of the view that the members of the ARMC have the necessary expertise and experience to discharge its functions. None of the ARMC members nor the ARMC Chairman are former partners or Directors of the Company's existing auditing firm or auditing corporation.

The objectives of the ARMC are to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control and risk management.

The written terms of reference defining its scope of authority and duties of the ARMC have been updated to better reflect the risk management and internal control role of the ARMC which include:

- To review the scope and results of the audit, whether it is cost effective and the independence and objectivity of the external auditor on an annual basis;
- To review risk governance and advise on the overall risk tolerance and strategy;

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- To make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- To review with the external auditor on their audit report, management letter and management's response;
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;
- To review the half-yearly and annual financial statements before submission to the Board;
- To review the assistance given by the management to the auditors;
- To make recommendations to the Board for the appointment, re-appointment and removal of internal auditor, and approve the terms of engagement and remuneration;
- To approve the hiring, removal, evaluation and compensation of the accounting/ auditing/ professional service firm to which the internal audit function is outsourced;
- To review with the internal auditor the scope of the internal audit and results of the internal audit report and management's response;
- To review the adequacy and effectiveness of the Company's internal controls and procedures for internal control and risk management and arrangements for all future related party transactions;
- To review interested party transactions periodically;
- To review the policy and arrangement by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters; and
- To oversee risk governance (refer to detailed disclosure under principle 11).

The ARMC has full access to Management and the full discretion to invite any Director or executive officer to attend meetings, and reasonable resources to enable it to discharge its function properly.

During the review of all audit and non-audit services provided by the external auditor, Messrs BDO LLP during the year, the ARMC was satisfied that the non-audit services provided by Messrs BDO LLP would not affect the objectivity and independence of the external auditor. The amount of fees paid to external auditor for audit and non-audit services for the financial year ended 31 December 2022 are set out on page 182 of the Annual Report. During the year, the ARMC also reviewed the scope and quality of the audits and independence and objectivity of the external auditor. The ARMC is satisfied that the external auditor, Messrs BDO LLP is able to meet the audit requirements and statutory obligation of the Company. The ARMC shall continue to review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditor. The ARMC is satisfied with the independence of the external auditor. The ARMC has recommended to the Board the re-appointment of Messrs BDO LLP as the Company's external auditor at the forthcoming AGM.

The Board and the ARMC are satisfied that the appointment of different auditors for its overseas incorporated subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The Company is therefore in compliance with Rule 712 and Rule 715 of the Listing Manual of SGX-ST.

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The ARMC meets at least two times a year. The ARMC meetings are attended by external auditor and where required, internal auditor and appropriate members of the executive management are invited to attend its meetings. In FY2022, the ARMC carried out the activities as set out above. The ARMC meets the external auditor and internal auditor without the presence of Management at least once annually. The ARMC received updates on changes in accounting standards and corporate governance from the external and internal auditors periodically. The ARMC is kept abreast of changes to accounting standards and issues which have a direct impact on financial statements by the external auditor.

The Company has put in place a whistle-blowing framework, endorsed by the ARMC, where employees of the Company may, in confidence, raise their concerns over any wrongdoing within the Company relating to unlawful conduct, financial malpractice or dangers to the public or the environment. The whistle-blowing policy sets out the procedures for a whistleblower to make a report on misconduct or wrongdoing relating to the Company and its officers and assurance to have protection of the whistleblower against detrimental or unfair treatment. There is a designated independent function to investigate whistleblowing reports made in good faith with identity of the whistleblower kept confidential. ARMC is responsible for oversight and monitoring of whistleblowing. At each ARMC meeting, whistle-blowing report will be considered, if required. Details of the whistle-blowing policies and arrangements have been made available to all employees.

Other information pertaining to the ARMC is disclosed on page 95 of the Annual Report.

The ARMC has received the Audit Quality Indicators Disclosure Framework relating to FY2022 from the external auditor. The external auditor has reported to the ARMC on the Key Audit Matters (**"KAM"**) in respect of FY2022 following completion of the audit of the Company's financial statements. The ARMC agreed with the rationale and determination of revenue from distribution of Information Technology ("IT") products and recoverability and expected credit loss of trade receivables from third parties as KAM by the external auditor. The ARMC has considered the approach and methodology used by the external auditor and Management. The ARMC has reviewed the reasonableness and approach of the Management's assessment of the respective KAM and agreed with the opinion of the external auditor.

Provision 10.4 – Internal audit function

The Group outsources its internal audit function to Messrs Yang Lee & Associates (**"YLA** or **"IA"**). YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains a diverse outsourced internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development industries. YLA is a corporate member of the Institute of Internal Auditors Singapore and is staffed with professionals with sufficient expertise in corporate governance, risk management, internal controls and other relevant disciplines.

The Group's engagement with YLA 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.

CORPORATE GOVERNANCE REPORT

The IA completed three reviews, including one on the sustainability reporting process, during the financial year ended 31 December 2022 in accordance with the risk-aligned internal audit plan approved by the ARMC. The Board has adopted the recommendations of the internal auditor set out in the internal audit report.

The ARMC has reviewed and confirmed that YLA is a suitable professional service firm to meet the Company's internal audit obligations, having regard to the adequacy of resources and experience of the firm and the assigned engagement director, number and experience of supervisory and professional staff assigned to internal audit. IA reports directly to the Chairman of the ARMC. The ARMC approves the appointment, evaluation and fees of the internal audit firm. IA have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARMC.

The ARMC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The ARMC is satisfied that the internal audit function is independent, adequately resourced, effective and has an appropriate standing within the Company.

Provision 10.5 – ARMC activities during the year

Summary of activities of the ARMC in 2022:

- Reviewed risk assessments and technology risks including new projects;
- Reviewed internal controls addressing financial, operational, compliance and information technology;
- Discussed key risks;
- Monitored risk profile and keep abreast of changes in the external and internal environment;
- Reviewed and assessed the adequacy and effectiveness of risk management and internal control systems (including financial, operational, compliance and information technology);
- Reviewed and approved risk management framework;
- Reviewed and assessed the risk management capabilities and resources of the Company;
- Reviewed the assurance provided by the CEO and key management personnel responsible regarding the adequacy and effectiveness of evaluation the adequacy and effectiveness of risk management and internal control systems (including financial, operational, compliance and information technology);
- Reviewed legal and regulatory matters that may have material impact on the Company;
- Conducted special investigations relating to risk assessment and technology risks and internal control systems;
- Reviewed half-yearly and annual financial statements and recommend to the Board;
- Reviewed financial and operating performance of the Group;
- Reviewed budget and forecasts as presented by Management;
- Reviewed interested person and related party transactions, where available;

CORPORATE GOVERNANCE REPORT

- Reviewed the audit report from the external auditor, including areas of audit emphasis and key audit matters, findings and progress of Management's actions as well as update on new accounting standards with status of Management's implementations;
- Evaluated and recommended the re-appointment of the external auditor including Audit Quality Indicators, review of fees, provision of non-audit, objectivity and independence and review of audit plan;
- Reviewed internal audit plan (including progress, implementation of management actions, changes to the plan and auditable entity) and follow-up on internal audits which include IT audit;
- Reviewed the adequacy and effectiveness of the internal controls (including financial, operations, compliance and information technology) and risk management systems;
- Reviewed the adequacy and effectiveness, independence and scope of the internal audit function including audit resources and its appropriate standing within the Group;
- Reviewed investigations within the Group and ensuring appropriate follow-up actions, where required; and
- Meeting with the external auditor and internal auditor without presence of Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1, 11.2, 11.3 and 11.4 - Conduct of general meetings

The Board is accountable to the shareholders and is mindful of its obligation to provide a balanced and understandable disclosure of material information to shareholders, investors and public. This allows shareholders to assess its performance, position and prospects.

The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholders' rights. The Board allows all shareholders to exercise their voting rights by participation and voting at general meetings. Shareholders will be informed about the voting procedures that govern general meetings of shareholders.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

All Directors including the chairpersons of the ARMC, NC and RC will be present and available to address questions. The external auditor will be present to assist the Directors in addressing any relevant queries by shareholders and address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

CORPORATE GOVERNANCE REPORT

Shareholders have the opportunity to participate in and vote at general meeting of shareholders. All resolutions are voted by poll in the presence of independent scrutineers and the detailed results are released to the public via SGXNET after the meeting. As the present Constitution of the Company does not have a provision to allow shareholders to vote in absentia, via methods such as e-mail, fax, etc., and the legal and regulatory environment is not entirely conducive for voting in absentia, the Company does not allow a shareholder to vote in absentia at general meetings. The introduction of absentia voting methods will be deferred until an appropriate time. The Board will review its Constitution from time to time. Where amendment of its Constitution is required to align the relevant provisions with the requirements of the Listing Manual of the SGX-ST, shareholders' approval will be obtained.

The AGM held on 27 April 2022 was conducted pursuant to COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Due to COVID-19 restriction orders, there was no physical attendance at the AGM which was conducted by electronic means. Shareholders watched the AGM proceeding through live webcast or live audio stream by pre-registration. Shareholders could not vote at the AGM held by electronic means and have appointed Chairman as proxy to vote on their behalf. As shareholders could not ask question at the AGM conducted by electronic means, shareholders were given the opportunity to submit questions in advance prior to the AGM. The Company had on 20 April 2022 replied to the relevant and substantial questions submitted in advance by shareholders prior to the AGM. The said reply was released via SGXNET before the closing date and time for lodgement of the proxy forms on 24 April 2022 for voting by appointing the Chairman as proxy.

Provision 11.5 – Minutes of general meetings

Minutes of general meetings include substantial comments or queries from shareholders and responses from the Board and management relating to the agenda of the meeting. These minutes are made available to shareholders upon their request. The Company published minutes of AGM via SGXNET on 9 May 2022.

Provision 11.6 – Dividend policy

The Company does not have a policy on dividends. However, declaration of dividends will be published in the financial results and dividend announcements via SGXNET with the objective of maximising value with the balance of current dividend and future growth. The Company has paid final dividend tax exempt (1-tier) of 6.90 cents per ordinary share for FY2021 and interim dividend tax exempt (1-tier) of 6.60 cents for FY2022. Subject to approval of members at the forthcoming AGM, the Directors have recommended a final dividend tax exempt (1-tier) of 11.10 cents per ordinary share for FY2022.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 and 12.3 – Stakeholder engagement

The Company aims to engage in regular, effective and fair communication with shareholders, and be as descriptive, detailed and forthcoming as possible. The Annual Report and Notice of AGM are made available to all shareholders and published on SGXNET. The notice is also advertised in the press and made available on the Company's website. At AGM, the Company encourages shareholder participation and shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

The electronic Annual Report and financial results are disclosed on an equal and timely basis through SGXNET within the mandatory period and the information is also available on the Company's website www.multichem.com.sg. Information on the Company's new initiatives or key developments are first disseminated via SGXNET and also made available on-line to shareholders in a timely and transparent manner with the same disclosure given publicly to all. Price sensitive information is announced through SGXNET. However, any information that may be regarded as undisclosable material information about the Group will not be given. Due to limited resources, the Company manages half-yearly financial results and press releases and the production of annual reports (and other compliance reports) as their key roles and responsibilities; and it is in these activities that they are most engaged.

The Company has an Investor Relations policy which aims to ensure all investors are able to access information of the Company, including Company's business strategies and updates, stock and financial performance, corporate management and governance and etc., in a timely manner. Shareholders can send questions to the Company's website www.multichem.com.sg and the Company responds to such questions.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provisions 13.1, 13.2 and 13.3 – Stakeholder engagement

The Company engages its stakeholders through different channels to establish, address and monitor the material environmental, social and governance (ESG) factors of the Company's operation and its impact on the various stakeholders.

The Company engages stakeholders with the various channels that are already in place, to better understand its stakeholders' concerns, and address any issues that they may face. Engagement channels and frequencies are reviewed periodically to ensure that they are sufficient to deal with current identified stakeholders' ESG-related issues.

CORPORATE GOVERNANCE REPORT

The Company is also committed to enhance and improve the current engagement initiatives, while staying abreast of new trends or developments that may affect the sustainability standing of the Company, and eventually devise corresponding measures to resolve the new ESG issues.

For more information on the Company's approach to stakeholder engagement and materiality assessment, please refer to the Company's Sustainability Report 2022 of this annual report.

DEALINGS IN SECURITIES

The Group has set an internal guideline relating to dealing in the Company's securities by the Company and its officers. The Company and its officers should not deal in the Company's securities:

(a) when in possession of unpublished material price sensitive information;

(b) on short term considerations; and

(c) during the period commencing one month before the announcement of the Company's half year and full year results and ending on the date of the particular announcement.

The above mentioned share trading guideline are disseminated through periodic reminders during the course of the year to the Company and its officers (including Directors and employees with access to price sensitive information in relation to the Company's shares). In addition, the guidelines require officers to disclose in writing to the executive Directors on their dealings in the Company's securities.

INTERESTED PERSON TRANSACTIONS

The Company monitors all its interested person transactions and ensures that all transactions with interested persons are reported in a timely manner for review by the ARMC.

There was no interested party transaction entered into with value more than $100,000 during the financial year. The Company does not have a mandate on Interested Person Transactions.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling shareholder, either still subsisting at the end of FY2022.

CORPORATE DIRECTORY

Chief Executive Officer
Foo Suan Sai

Chief Operating Officer
Han Juat Hoon

Executive Director
Foo Fang Yong

Finance, HR & Administration
Zhang Xiaowen Amanda
Siow Mee Lin

Purchasing & Logistics
Goh Kie Soon Geraldine

Distribution Division
Goh Tian Keong Winston
Pui Boon Tiong Eugene
Koh Henry

OFFICES IN SINGAPORE

- **HEAD OFFICE**
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  Main Line : (65) 6863 1318
  Main Fax : (65) 6863 1618

- **M.TECH HOLDINGS PTE. LTD.**
  M.TECH PRODUCTS PTE LTD
  M.SAAS SOLUTIONS PTE. LTD.
  SECUREONEASIA PTE. LTD.
  SECUREONE INDIA HOLDING PTE. LTD.
  M. TECH SOLUTIONS (INDIA) PVT LTD SINGAPORE BRANCH
  M-SECURITY TECHNOLOGY INDOCHINA PTE. LTD.
  M.TECH PRODUCTS TW PTE. LTD.
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  #06-111 TradeHub 21
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- **E-SECURE ASIA PTE. LTD.**
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IT BUSINESS OVERSEAS
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  50480 Malaysia
  Main Line : (60-3) 2788 6868
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- **PT. M.TECH PRODUCTS**
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  Jl. HR Rasuna Said X-2 Kav 5,
  Jakarta 12950, Indonesia
  Main Line : (62-21) 522 6210
  Main Fax : (62-21) 522 6211

- **SURABAYA OFFICE**
  Ruko Galaxi Bumi Permai
  Blok J1 No. 23A,
  Jalan Raya Sukosemolo 92, Surabaya,
  Jawa Timur 60119, Indonesia
  Main Line : (62-31) 596 7623
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AUSTRALIA OFFICE:

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  Suite 309/50 Holt Street
  Surry Hills, New South Wales 2010,
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  Main Line : (61) 2 8987 0400
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- **MELBOURNE OFFICE**
  Suite 923, 401 Docklands Drive
  Docklands, Victoria 3008, Australia
  Main Line : (61) 3 8615 9300

VIETNAM OFFICE:

- **M-SECURITY TECHNOLOGY VIETNAM COMPANY LIMITED**
  M-SECURITY TECHNOLOGY INDOCHINA PTE. LTD. HANOI REPRESENTATIVE OFFICE
  14th Floor, Ladeco Building, 266 Doi
  Can Street, Lieu Giai Ward, Ba Dinh
  District, Hanoi, Vietnam
  Main Line : (84-24) 3935 0970
  Main Fax : (84-24) 3935 0971

CORPORATE DIRECTORY

- **HO CHI MINH CITY REPRESENTATIVE OFFICE**
  Unit 4B, 4th Floor, AS Building,
  236 - 238 Nguyen Cong Tru Street,
  Nguyen Thai Binh Ward, District 1,
  Ho Chi Minh City, Vietnam
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  Main Fax : (84-28) 6290 5420

THAILAND OFFICE:

- **M-SOLUTIONS TECHNOLOGY (THAILAND) CO., LTD**
  E-SECURE ASIA CO., LTD.
  25 Bangkok Insurance Building,
  21st Floor, South Sathorn Road,
  Thungmahamek,
  Sathorn Bangkok 10120
  Main Line : (662) 059 6500
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PHILIPPINES OFFICE:

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  Legaspi Village, Makati City
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  Main Fax : (632) 043 844 5770

- **M-SECURITY TECH PHILIPPINES INC.**
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  Valero Corner Sedeno Streets,
  Salcedo Village, Makati City,
  1227 Philippines
  Main Line : (632) 7729 8839/41/42
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TAIWAN OFFICE:

- **M.TECH PRODUCTS TW PTE. LTD. TAIWAN BRANCH**
  11F., No. 102, Sec. 4,
  Civic Blvd., Da'an Dist.,
  Taipei City 106, Taiwan (R.O.C.)
  Main Line : (886) 2 2659 9128
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CHINA OFFICE:

- **M.TECH (SHANGHAI) CO.,LTD**
  Room 902, Honi International Plaza,
  No 199 North Chengdu Road,
  Jing'an District, Shanghai
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  Main Line : (86-21) 6217 1508
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- **BEIJING BRANCH**
  Room 907/A, Tianchuang Technology
  Building, No. 08 Caihefang Road,
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  Beijing, PRC 100080
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- **GUANGZHOU BRANCH**
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- **DELHI OFFICE**
  Unit No 307, 3rd Floor,
  Baani Corporate One, Plot No. 5
  Non Hierarchical Commercial Centre,
  Jasola, New Delhi – 110025

- **MUMBAI BRANCH**
  Unit No. 501, 5th Floor, Town Centre–II,
  Marol, Sakinaka, Andheri Kurla Road
  Andheri (East), Mumbai 400059
  Main Line : (91-22) 4015 4354

- **AHMEDABAD OFFICE**
  706, Sakar III, Nr. Income Tax Office
  Ashram Road, Ahmedabad 380014
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- **HYDERABAD OFFICE**
  Regus Business Centre Hyderabad Pvt Ltd
  Level 1, Mid Town Building Road No 1,
  Banjara Hills
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UK OFFICE:

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MYANMAR OFFICE:

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  Corner of Mahabandoola Road and
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  Yangon, The Republic of the Union of
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SRI LANKA OFFICE:

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  T.B. Jayah Mawatha, Colombo 10,
  01000

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The Directors of Multi-Chem Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon 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 2022, and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; 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.

2. Directors

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

Lim Keng Jin
Foo Suan Sai
Han Juat Hoon
Wong Meng Yeng
Neo Mok Choon
Foo Maw Shen
Foo Fang Yong

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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.

DIRECTORS' STATEMENT

4. Directors' interests in shares or debentures

According to the register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Companies Act 1967 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as follows:

	Direct Interest		Deemed Interest	
	Balance as at 1 January 2022	Balance as at 31 December 2022	Balance as at 1 January 2022	Balance as at 31 December 2022
	Number of ordinary shares			
Company				
Foo Suan Sai	36,828,325	37,016,525	25,345,125	25,345,125
Han Juat Hoon	25,345,125	25,345,125	36,828,325	37,016,525
Wong Meng Yeng	8,500	8,500	-	-
Foo Fang Yong	78,000	162,400	-	-
Neo Mok Choon	-	-	372,500	372,500

By virtue of Section 7 of the Act, Mr Foo Suan Sai and Mdm Han Juat Hoon are deemed to have interests in the shares of all the subsidiaries of the Company as at the beginning and end of the financial year. Mr Foo Suan Sai is deemed to be interested in the shares held by his wife, Mdm Han Juat Hoon, and vice versa.

In accordance with the continuing listing requirement of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the register of Directors' shareholding, the Directors' interests as at 21 January 2023 in the shares of the Company have not changed from those disclosed as at 31 December 2022.

5. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under options as at the end of the financial year.

DIRECTORS' STATEMENT

6. **Audit and Risk Management Committee**

The Audit and Risk Management Committee comprises the following members who, including the Chairman, are all non-executive and Independent Directors. The members of the Audit and Risk Management Committee during the financial year and at the date of this statement are:

Neo Mok Choon (Chairman)
Wong Meng Yeng
Lim Keng Jin
Foo Maw Shen

The Audit and Risk Management Committee performs the functions specified in Section 201B (5) of the Act. In performing those functions, the Audit and Risk Management Committee reviewed the audit plans and the overall scope of examination by the external and internal auditors of the Company. The Audit and Risk Management Committee also reviewed the independence of the external auditor of the Company.

The Audit and Risk Management Committee has reviewed the assistance provided by the Company's officers to the external and internal auditors and the financial statements of the Group and the statement of financial position of the Company as well as the Independent Auditor's Report thereon prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual.

The Audit and Risk Management Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Management Committee.

The Audit and Risk Management Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting. The Audit and Risk Management Committee has carried out an annual review of non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor prior to recommending their recommendation.

In appointing our external auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

7. Independent auditor

The independent auditor, BDO LLP, has expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Foo Suan Sai	**Han Juat Hoon**
Director	Director

Singapore
10 March 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MULTI-CHEM LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Multi-Chem Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 103 to 210 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022;
- 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 financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

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 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

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.

1 Revenue from distribution of Information Technology ("IT") products

Key Audit Matter

The Group derives revenue mainly from the distribution of IT products such as IT security hardware, software and vendor maintenance. The Group's revenue from distribution of IT products for the financial year ended 31 December 2022 was $600,801,000 where the Group's customers obtained control of the IT products based on customer acknowledgement for delivery of goods for local sales and shipping incoterms for overseas sales.

We determined revenue recognition as a key audit matter due to high trading value towards financial year-end which could affect the timing of revenue recognition in the appropriate financial year.

Related Disclosures

Refer to Notes 2.11 and 24 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others:

- We performed internal control testing procedures on the key controls identified in the revenue cycle;
- We performed testing on the sales transactions throughout the financial year, on a sample basis, by examining relevant supporting documents such as delivery orders acknowledged by customer/shipping documents and invoices to check that revenue was appropriately recognised;
- We performed cut-off procedures, for a sample of transactions, before and after the financial year, by examining relevant supporting documents such as delivery orders acknowledged by customer/shipping documents and invoices to check that revenue was recognised in the appropriate financial year;
- We tested the credit notes in relation to goods returned issued to customers subsequent to year-end, on a sample basis, to establish that revenue was recognised in the appropriate financial year; and
- We assessed the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

2 Recoverability and Expected Credit Loss ("ECL") of trade receivables from third parties

Key Audit Matter

As at 31 December 2022, the Group had current and non-current trade receivables from third parties amounting to $146,874,000, net of loss allowance of $5,160,000. The recoverability of trade receivables from third parties is a key element of the Group's working capital management, which is managed on an ongoing basis by the Group's management.

The Group applied the "simplified approach" for assessing ECL for trade receivables from third parties. Under the simplified approach, the Group's management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions in each geographical region, credit rating in each geographical region and customer credit control checks.

We focused on recoverability and ECL assessment as a key audit matter due to the significant judgements involved in deriving the ECL rates on trade receivables from third parties.

Related Disclosures

Refer to Notes 2.9, 3.2, 12 and 34.1 of the accompanying financial statements.

Audit Response

Our procedures included, amongst others:

- We assessed the historical payment trend, on-going business relationship and geographical profile of significant past due trade receivables;
- We checked subsequent collections relating to the Group's significant past due trade receivables;
- We verified management's basis of determining credit impaired trade receivables;
- We verified the Group's historical credit loss rates to the historical data, evaluated their reasonableness and tested the mathematical accuracy of the historical credit loss rates;
- We independently verified the external data sources used by the Group in deriving the adjustments made to historical credit loss rates to reflect the effects of the current and future economic conditions and evaluated the reasonableness of the adjustments; and
- We assessed the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITOR'S REPORT

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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 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.

INDEPENDENT AUDITOR'S REPORT

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 control.
- Obtain an understanding of internal control 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 control.
- 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.

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 to 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 law or regulation precludes 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 auditor has 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 Lee Kuang Hon.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
10 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current assets					
Property, plant and equipment	4	**9,019**	9,298	**869**	785
Investment properties	5	**-**	-	**2,302**	2,358
Investment in subsidiaries	6	**-**	-	**-**	105
Club memberships	7	**1,010**	734	**374**	374
Right-of-use assets	8	**1,688**	3,200	**81**	428
Deferred tax assets	9	**5,556**	5,173	**-**	-
Financial asset, at FVOCI	10	**179**	373	**-**	-
Financial asset, at FVPL	11	**4,749**	4,628	**4,749**	4,628
Trade receivables	12	**11,821**	11,012	**-**	-
Prepayments	13	**1,657**	217	**141**	217
		35,679	34,635	**8,516**	8,895
Current assets					
Inventories	14	**69,318**	51,430	**445**	461
Trade and other receivables	12	**147,465**	132,702	**33,538**	33,194
Prepayments	13	**1,350**	990	**119**	117
Current income tax recoverable		**5,948**	4,274	**-**	-
Fixed deposits	15	**36,805**	4,572	**13,245**	-
Cash and bank balances	15	**32,737**	69,842	**1,104**	10,381
		293,623	263,810	**48,451**	44,153
Less:					
Current liabilities					
Trade and other payables	16	**142,206**	122,360	**5,198**	5,652
Contract liabilities	24	**27,559**	24,448	**-**	-
Lease liabilities	17	**1,048**	1,257	**49**	107
Bank borrowings	18	**1,000**	500	**-**	-
Current income tax payable		**3,100**	4,320	**103**	-
		174,913	152,885	**5,350**	5,759
Net current assets		**118,710**	110,925	**43,101**	38,394

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Less:					
Non-current liabilities					
Trade payables	16	**11,267**	8,089	-	-
Contract liabilities	24	**2,989**	2,295	-	-
Lease liabilities	17	**952**	1,755	**33**	82
Bank borrowings	18	**417**	1,500	-	-
Provision for post-employee benefits	19	**554**	624	-	-
Deferred tax liabilities	9	**1,114**	1,097	-	-
		17,293	15,360	**33**	82
Net assets		**137,096**	130,200	**51,584**	47,207
Equity					
Share capital	20	**37,288**	37,288	**37,288**	37,288
Foreign currency translation account	21	**(1,644)**	(871)	-	-
Other reserves	22	**(977)**	(801)	-	-
Retained earnings	23	**102,429**	94,584	**14,296**	9,919
Total equity		**137,096**	130,200	**51,584**	47,207

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

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	24	**616,980**	603,640
Cost of sales		**(535,117)**	(518,130)
Gross profit		**81,863**	85,510
Other items of income			
Interest income		**1,016**	602
Other income	25	**2,144**	4,387
Other items of expense			
Selling and distribution costs		**(31,177)**	(30,034)
Administrative and other expenses		**(28,068)**	(24,734)
Reversal of allowance on third party trade receivables	12	**275**	547
Finance costs	26	**(457)**	(327)
Profit before income tax	27	**25,596**	35,951
Income tax expense	28	**(5,599)**	(8,617)
Profit for the financial year		**19,997**	27,334
Profit attributable to:			
Owners of the parent		**19,997**	24,959
Non-controlling interests		**-**	2,375
		19,997	27,334

		2022	2021
Earnings per share			
- Basic and diluted	29	**22.20 cents**	27.70 cents

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

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Profit for the financial year		**19,997**	27,334
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency differences on translation of foreign operations		**(773)**	1,881
Items that will not be reclassified subsequently to profit or loss			
Fair value change in financial asset at FVOCI	10	**(176)**	(165)
Remeasurements of post-employee benefits	19	**11**	37
Other comprehensive income for the financial year, net of tax		**(938)**	1,753
Total comprehensive income for the financial year		**19,059**	29,087
Total comprehensive income attributable to:			
Owners of the parent		**19,059**	26,324
Non-controlling interests		**-**	2,763
		19,059	29,087

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital	Foreign currency translation account	Premium on acquisition of non-controlling interests	Fair value reserve	Statutory reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022		37,288	(871)	(1,043)	(88)	330	94,584	130,200	-	130,200
Profit for the financial year		-	-	-	-	-	19,997	19,997	-	19,997
Other comprehensive income for the financial year										
Foreign currency differences on translation of foreign operations		-	(773)	-	-	-	-	(773)	-	(773)
Fair value change in financial asset, FVOCI	10	-	-	-	(176)	-	-	(176)	-	(176)
Remeasurements of post-employee benefits	19	-	-	-	-	-	11	11	-	11
Total comprehensive income for the financial year		-	(773)	-	(176)	-	20,008	19,059	-	19,059
Distributions to the owners of the parent										
Dividends	30	-	-	-	-	-	(12,163)	(12,163)	-	(12,163)
Total transactions with the owners of the parent		-	-	-	-	-	(12,163)	(12,163)	-	(12,163)
Balance at 31 December 2022		37,288	(1,644)	(1,043)	(264)	330	102,429	137,096	-	137,096

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share capital	Foreign currency translation account	Premium on acquisition of non-controlling interests	Fair value reserve	Statutory reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2021		37,288	(2,364)	(123)	77	519	79,129	114,526	12,305	126,831
Profit for the financial year		-	-	-	-	-	24,959	24,959	2,375	27,334
Other comprehensive income for the financial year										
Foreign currency differences on translation of foreign operations		-	1,493	-	-	-	-	1,493	388	1,881
Fair value change in financial asset, FVOCI	10	-	-	-	(165)	-	-	(165)	-	(165)
Remeasurements of post-employee benefits	19	-	-	-	-	-	37	37	-	37
Total comprehensive income for the financial year		-	1,493	-	(165)	-	24,996	26,324	2,763	29,087
Distributions to the owners of the parent										
Dividends	30	-	-	-	-	-	(9,730)	(9,730)	-	(9,730)
Transfer from statutory reserve upon liquidation of subsidiary	22	-	-	-	-	(189)	189	-	-	-
Total transactions with the owners of the parent		-	-	-	-	(189)	(9,541)	(9,730)	-	(9,730)
Transactions with non-controlling shareholders										
Dividends paid by a subsidiary		-	-	-	-	-	-	-	(118)	(118)
Acquisition of non-controlling interests	6	-	-	(920)	-	-	-	(920)	(14,950)	(15,870)
Total transactions with non-controlling shareholders		-	-	(920)	-	-	-	(920)	(15,068)	(15,988)
Balance at 31 December 2021		37,288	(871)	(1,043)	(88)	330	94,584	130,200	-	130,200

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Operating activities			
Profit before income tax		**25,596**	35,951
Adjustments for:			
Reversal of allowance on third party trade receivables	12	**(275)**	(547)
Allowance made for inventory obsolescence	27	**4,592**	2,287
Third party trade receivables written off	12	**43**	-
Fair value change in financial asset, at FVPL	11	**(155)**	(134)
Depreciation of property, plant and equipment	4	**1,314**	1,304
Gain on disposal of property, plant and equipment	25	**(155)**	(241)
Amortisation of club memberships	7	**10**	10
Depreciation of right-of-use assets	8	**1,291**	1,301
Gain on lease modifications	25	**-**	(7)
Interest expense	26	**457**	327
Interest income		**(1,016)**	(602)
Inventories written off	27	**81**	52
Property, plant and equipment written off		**1**	1
Third party trade and other payables written off	25	**(221)**	(76)
Unrealised foreign exchange loss		**3,042**	1,053
Operating cash flows before working capital changes		**34,605**	40,679
Working capital changes:			
Inventories		**(24,420)**	(9,723)
Trade and other receivables		**(22,961)**	(13,757)
Prepayments		**(1,912)**	282
Trade and other payables, and contract liabilities		**35,611**	20,572
Provision for post-employee benefits		**(57)**	6
Cash generated from operations		**20,866**	38,059
Interest received		**1,016**	602
Income tax paid		**(9,760)**	(11,716)
Net cash generated from operating activities		**12,122**	26,945
Investing activities			
Proceeds from disposal of property, plant and equipment		**213**	269
Purchase of property, plant and equipment	4	**(856)**	(737)
Purchase of club memberships	7	**(296)**	-
Additions to right-of-use assets	8	**-**	(428)
Net cash used in investing activities		**(939)**	(896)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Financing activities			
Fixed deposits pledged		-	9,921
Acquisition of additional interest in a subsidiary	6	-	(15,870)
Proceeds from bank borrowings (Note A)		**4,887**	7,707
Repayments of bank borrowings (Note A)		**(5,496)**	(10,470)
Repayments of lease liabilities (Note A)		**(1,267)**	(1,262)
Interest paid		**(457)**	(327)
Dividends paid to owners of the parent	30	**(12,163)**	(9,730)
Dividends paid to non-controlling shareholders		-	(118)
Net cash used in financing activities		**(14,496)**	(20,149)
Net change in cash and cash equivalents		**(3,313)**	5,900
Cash and cash equivalents at beginning of financial year		**74,363**	67,610
Effects of exchange rate changes on cash and cash equivalents		**(1,557)**	853
Cash and cash equivalents at end of financial year	15	**69,493**	74,363

Note A: Reconciliation of liabilities arising from financing activities

			Non-cash changes		
	2021 $'000	Net Cash flows $'000	Additions and modifications of right-of-use assets under lease liabilities $'000	Foreign exchange differences $'000	2022 $'000
Bank borrowings	2,000	(609)	-	26	1,417
Lease liabilities	3,012	(1,267)	463	(208)	2,000
	5,012	(1,876)	463	(182)	3,417

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note A: Reconciliation of liabilities arising from financing activities (Continued)

			Non-cash changes		
	2020	Net Cash flows	Additions and modifications of right-of-use assets under lease liabilites	Foreign exchange differences	2021
	$'000	$'000	$'000	$'000	$'000
Bank borrowings	4,763	(2,763)	-	-	2,000
Lease liabilities	2,841	(1,262)	1,407	26	3,012
	7,604	(4,025)	1,407	26	5,012

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

1. General corporate information

Multi-Chem Limited is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 18 Boon Lay Way, #05-113, Tradehub 21, Singapore 609966. The Company's registration number is 198500318Z. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group's ultimate controlling parties are Mr Foo Suan Sai and Mdm Han Juat Hoon.

The principal activities of the Company are those of investment holding and provision of value-added printed circuit board ("PCB") related services, to PCB fabricators and the distribution of specialty chemicals and other PCB related products and equipment to PCB fabricators.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 were authorised for issue in accordance with a Directors' resolution dated 10 March 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

The preparation of financial statements in conformity with SFRS(I)s requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting periods, and the reported amounts of the revenue and expenses throughout the financial years. Although these estimates are based on management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the financial year of the revision and future years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimate uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

Changes in accounting policy

New standards, amendments and interpretations effective from 1 January 2022

The standards, amendments to standards and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group and the Company are not expected to impact the Group and the Company as they are either not relevant to the Group's and the Company's business activities or require accounting which is consistent with the Group's and the Company's current accounting policies.

New standards, amendments and interpretations issued but not yet effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the ASC that are effective in future accounting periods, and the Group has not decided to early adopt. The Group and the Company do not expect any of these standards upon adoption will have a material impact to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

Changes in accounting policy (Continued)

New standards, amendments and interpretations issued but not yet effective (Continued)

		Effective date (annual periods beginning on or after)
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 17	: Insurance contracts	1 January 2023
SFRS(I) 1-1 and SFRS(I) Practice Statement 2	: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8 (Amendments)	: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12 (Amendments)	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 17 (Amendments)	: Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2024*
SFRS(I) 16 (Amendments)	: Lease Liability in a Sale and Leaseback	1 January 2024
Various	: Non-current Liabilities with Covenants	1 January 2024

* The mandatory effective date of this Amendment had been revised from 1 Jan 2022 to 1 Jan 2023 by the ASC in Jul 2020 via Amendment to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current—Deferral of Effective Date* and further revised to 1 Jan 2024 in Dec 2022 via Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants.*

Consequential amendments were also made to various standards as a result of these new or revised standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group, up to the effective date on which that control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

2.4 Property, plant and equipment

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

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.4 **Property, plant and equipment** (Continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives on the following bases:

	Years
Building	40
Freehold property	No depreciation
Leasehold properties	Over the lease terms of 25 to 56
Office plant and equipment	1 to 5
Factory plant and machinery	
- Factory machinery	8
- Other factory equipment	5

Freehold property which comprises freehold land is not depreciated.

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.5 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the depreciable amounts over their estimated useful lives over the lease terms of 48 to 52 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.6 Club memberships

The club memberships are initially recognised at cost and subsequently carried at cost less accumulated amortisation and impairment loss, if any.

For club membership with expiry date, amortisation is calculated using the straight-line method to allocate the cost over its estimated useful life of 28 years.

The amortisation periods and amortisation method of club memberships are reviewed at the end of each reporting period. The effects of any revisions are recognised in profit or loss when changes arise.

For club memberships with no expiry dates, the carrying amounts of club membership are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost in respect of chemicals and other PCB related products is determined on a weighted average basis. Cost in respect of IT products is determined based on the specific identification basis. The cost includes all costs of purchase and other costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business less estimated costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying amount of those inventories to the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments

The Group and the Company recognise a financial asset or a financial liability in their statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets

The Group and the Company classify their financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group and the Company shall reclassify their affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the provision matrix to determine the lifetime expected credit losses. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

Impairment provisions for non-trade receivables due from subsidiaries and third parties, are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's and the Company's financial assets measured at amortised cost comprise trade and other receivables, excluding value added tax, cash and bank balances and fixed deposits in the statements of financial position.

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group and the Company have strategic investments in listed and unlisted entities respectively which are not accounted for as subsidiary, associate or jointly controlled entity. For those equity investment, the Group and the Company have made an irrevocable election to classify the investment at fair value through other comprehensive income rather than through profit or loss as the Group and the Company consider this measurement to be the most representative of the business model for these assets. It is carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments' carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.9 **Financial instruments** (Continued)

Financial assets (Continued)

Financial assets at fair value through other comprehensive income ("FVOCI") (Continued)

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

Financial assets at fair value through profit or loss ("FVPL")

Debt instrument that is held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other income".

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group and the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group and the Company classify ordinary shares as equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group and the Company classify all financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables, excluding value added tax and deferred government grants, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's and the Company's accounting policy for borrowing costs (Note 2.15).

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss allowance determined in accordance with SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.9 **Financial instruments** (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.10 **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposits pledged.

2.11 **Revenue recognition**

IT business

The Group's IT business involves mainly distribution of hardware, software, vendor maintenance and vendor professional services relating to internet and networks products ("IT products"). These products provide the Group's customers with security and network performance requirements – from cloud access security, advanced threat prevention and data-centric security to network system management, monitoring and optimisation.

The Group also employs a regional team of certified pre and post sales engineers to support the technical needs such as maintenance ("in-house maintenance services") of the products that IT business distributes. In-house maintenance services can be subscribed by the Group's customers for period ranging from twelve to eighty-four months. The Group's engineers deliver their in-house maintenance service either remotely via tele-conferencing, remote access via network connections or on-site service support.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.11 **Revenue recognition** (Continued)

IT business (Continued)

The Group's revenue from IT business professional services are derived from the following areas:

- IT consultancy, solution design, scoping implementation, technical refresh for end-of-support equipment;
- On-site deployment, implementation and migration;
- Software/firmware upgrade; and
- Ad-hoc services for emergency needs and requirements.

i) Distribution of IT products

Revenue is recognised at point in time when control of the products has been transferred, being when the goods are delivered to the customers, the customers have full discretion to direct the use of the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Delivery occurs when the risk of obsolescence and loss have been transferred, and being acknowledged by customers for in-country sales. Whereas, for oversea sales, acknowledgement is in accordance with the shipping incoterms. Revenue is shown net of value-added tax, returns, rebates, and discounts after eliminating sales within the Group.

The products sold to certain customers are subject to volume rebates based on aggregate sales over a specific period. Revenue from these sales are recognised based on the price specified in the contract, net of estimated volume rebate. Accumulated experience is applied to estimate and provide for the volume rebate, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There is no element of significant financing component in the Group's revenue transactions as customers.

All products sold by the Group include standard warranty which are the responsibility of the Group's suppliers who owns the intellectual property rights of the products distributed. Therefore, the Group has no obligations in respect of the provision for warranty.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.11 **Revenue recognition** (Continued)

IT business (Continued)

ii) In-house maintenance services

Revenue is recognised over time on a straight-line basis over the term of the in-house maintenance service level agreement.

iii) Professional services

Revenue is recognised at a point in time when the customer has accepted or acknowledged on the services performed.

iv) Rental services

Revenue is recognised over time on a straight-line basis over the term of the agreement.

v) Training services

Revenue is recognised at a point in time upon the sale of the training programme.

PCB business

The Group's PCB business operates as a value-added supplier to PCB fabricators. The PCB business is in two main areas:

- provision of PCB related services to PCB fabricators; and
- distribution of specialty chemicals and other PCB related products and rental of machines to PCB fabricators.

i) PCB related services

Revenue from rendering of PCB related services is recognised at point in time upon the completion of services. Customers are invoiced upon the completion of services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.11 **Revenue recognition** (Continued)

PCB business (Continued)

ii) Distribution of PCB related products

Revenue is recognised at point in time when control of the products has been transferred, being when the goods are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

iii) Rental of machines

Rental income from leasing of PCB drilling machines is recognised over time on a straight-line basis over the term of the relevant leases.

Interest income

Interest income is recognised on a time-apportionment basis using the effective interest method.

Commission income

When the Group and the Company act in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group and the Company. Commission income is recognised at a point in time upon the completion of a transaction in which the commission relates to.

2.12 **Grants**

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures. Grants which are receivable in relation to expenses to be incurred in a subsequent financial period, are included as deferred government grants and classified as non-trade receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.13 Employee benefits

Defined contribution plan

Payments to defined contribution plans are charged as an expense in the period in which the related service is performed. Defined contribution plans are post-employment benefits plans under which the Group and the Company pay fixed contributions into state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and have no legal and construction obligation to pay further once the payment are made.

Defined benefit plans

Certain subsidiaries operate defined benefit pension plans, which are unfunded.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using discount rates as disclosed in Note 19 to the financial statements) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the method of "Projected Unit Credit".

Defined benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate as disclosed in Note 19 to the financial statements to the net defined benefit liability or assets. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.13 Employee benefits (Continued)

Defined benefit plans (Continued)

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for estimated undiscounted liability for annual leave expected to be settled wholly within twelve months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

2.14 Leases

As lessor

Leases where the Group and the Company retain substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

As lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.14 **Leases** (Continued)

As lessee (Continued)

Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's and the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group and the Company if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group and the Company are contractually required to dismantle, remove or restore the leased asset.

The Group and the Company present the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.14 Leases (Continued)

As lessee (Continued)

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets on the below bases. If the lease transfers ownership of the underlying asset by end of the lease term or if the costs of the right-of-use asset reflects that the Group and the Company will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

	Years
Properties	2 to 8
Office equipment (Includes motor vehicles)	2 to 5

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.7 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group and the Company revise its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.14 Leases (Continued)

As lessee (Continued)

Subsequent measurement (Continued)

When the Group and the Company renegotiate the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use being adjusted by the same amount.

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the negotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group and the Company have elected to account for the entire contract as a lease. The Group and the Company do not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

2.15 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.16 Income tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity, or in other comprehensive income.

Current income tax expense is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous financial years. Taxable income differs from profit reported as profit or loss because it excluded items of income or expenses that are taxable or deductible in other years and it further excludes items of income or expenses that are not taxable or tax deductible.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and where there is intention to settle the current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. **Summary of significant accounting policies** (Continued)

2.16 Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries.

2.17 Foreign currencies transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation account.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation account.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.17 Foreign currencies transactions and translation (Continued)

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

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

2.18 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared for payment. Final dividends are recorded in the financial year in which the dividends are approved by shareholders.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors who make strategic decisions.

2.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. Summary of significant accounting policies (Continued)

2.20 Contingencies (Continued)

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

3. Critical accounting judgements and key sources of estimation uncertainty

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (Note 3.2) that management has made in the process of applying the Group's and the Company's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

Investments in Thailand subsidiaries

As at 31 December 2022, the Company's subsidiary, M.Tech Holdings Pte. Ltd. holds 49% and 48.80% of all shares in its indirect subsidiaries, M-Solutions Technology (Thailand) Co., Ltd ("MTTH") and E-Secure Asia Co., Ltd. ("ESTH") respectively. In the previous financial year, the 48.80% in ESTH was held by E-Secure Asia Pte. Ltd.

There are loan agreements between the remaining shareholders (the "Borrowers") holding 51% in MTTH and 51.20% in ESTH and their immediate holding company (the "Lender"), M.Tech Holdings Pte. Ltd., whereby the shares held by the Borrowers have been pledged to the Lender. In the previous financial year, ESTH was held by E-Secure Asia Pte. Ltd.

The terms of these pledge agreements include, inter alia:

(a) the Borrowers agree to allow the Lenders to receive the dividends arising from the pledged shares; and

(b) the Borrowers agree to appoint the Lenders to have rights to vote in the shareholders' meetings in place of the Borrowers.

Accordingly, the Group has determined that it has control of 100% of the voting rights in both MTTH and ESTH and they have been consolidated as wholly-owned subsidiaries of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

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

Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management determines cost of inventories using the weighted average method for chemicals and other PCB related products and specific identification method for IT products. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group and the Company to reduce the value of their inventories. The carrying amounts of the Group's and the Company's inventories as at 31 December 2022 were $69,318,000 and $445,000 (2021: $51,430,000 and $461,000) respectively.

Loss allowance for impairment of trade and other receivables

Trade receivables from third parties

Management applied the "simplified approach" for assessing ECL for trade receivables from third parties. Under the simplified approach, the Group's management developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions in each geographical region, credit rating in each geographical region and customer credit control checks. The carrying amount of the Group's trade receivables was $146,874,000 (2021: $134,408,000) as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Loss allowance for impairment of trade and other receivables (Continued)

Non-trade receivables due from a subsidiary

Management determines whether there is significant increase in credit risk of the amount of non-trade receivables due from the subsidiary since initial recognition. Management considers various operating performance ratios as well as liquidity ratios of the subsidiary. There is no significant increase in credit risk as at 31 December 2022. The carrying amounts of the non-trade receivables due from subsidiary was $32,979,000 (2021: $32,546,000) as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Property, plant and equipment

	Building	Freehold property	Leasehold properties	Office plant and equipment	Factory plant and machinery	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
Balance at 1 January 2022	349	2,481	5,187	9,929	1,516	19,462
Reclassification (Note 8)	-	-	-	637	-	637
Additions	-	-	-	856	-	856
Disposals	-	-	-	(548)	-	(548)
Written off	-	-	-	(272)	-	(272)
Currency translation adjustment	(26)	(183)	(15)	(275)	-	(499)
Balance at 31 December 2022	323	2,298	5,172	10,327	1,516	19,636
Accumulated depreciation						
Balance at 1 January 2022	36	-	975	8,160	993	10,164
Reclassification (Note 8)	-	-	-	122	-	122
Depreciation for the financial year	11	-	101	1,101	101	1,314
Disposals	-	-	-	(490)	-	(490)
Written off	-	-	-	(271)	-	(271)
Currency translation adjustment	(3)	-	(5)	(214)	-	(222)
Balance at 31 December 2022	44	-	1,071	8,408	1,094	10,617
Carrying amount						
Balance at 31 December 2022	279	2,298	4,101	1,919	422	9,019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Property, plant and equipment (Continued)

	Building	Freehold property	Leasehold properties	Office plant and equipment	Factory plant and machinery	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
Balance at 1 January 2021	361	2,569	5,129	9,758	1,552	19,369
Additions	-	-	-	737	-	737
Disposals	-	-	-	(479)	-	(479)
Written off	-	-	-	(172)	(36)	(208)
Currency translation adjustment	(12)	(88)	58	85	-	43
Balance at 31 December 2021	349	2,481	5,187	9,929	1,516	19,462
Accumulated depreciation						
Balance at 1 January 2021	26	-	863	7,639	919	9,447
Depreciation for the financial year	11	-	100	1,090	103	1,304
Disposals	-	-	-	(451)	-	(451)
Written off	-	-	-	(178)	(29)	(207)
Currency translation adjustment	(1)	-	12	60	-	71
Balance at 31 December 2021	36	-	975	8,160	993	10,164
Carrying amount						
Balance at 31 December 2021	313	2,481	4,212	1,769	523	9,298

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Property, plant and equipment (Continued)

	Office plant and equipment $'000	Factory plant and machinery $'000	Total $'000
Company			
Cost			
Balance at 1 January 2022	1,952	1,516	3,468
Reclassification (Note 8)	325	-	325
Additions	108	-	108
Disposals	(4)	-	(4)
Written off	(1)	-	(1)
Balance at 31 December 2022	2,380	1,516	3,896
Accumulated depreciation			
Balance at 1 January 2022	1,690	993	2,683
Reclassification (Note 8)	65	-	65
Depreciation for the financial year	183	101	284
Disposals	(4)	-	(4)
Written off	(1)	-	(1)
Balance at 31 December 2022	1,933	1,094	3,027
Carrying amount			
Balance at 31 December 2022	447	422	869

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Property, plant and equipment (Continued)

	Office plant and equipment $'000	Factory plant and machinery $'000	Total $'000
Company			
Cost			
Balance at 1 January 2021	2,006	1,552	3,558
Additions	4	-	4
Disposals	(55)	-	(55)
Written off	(3)	(36)	(39)
Balance at 31 December 2021	1,952	1,516	3,468
Accumulated depreciation			
Balance at 1 January 2021	1,581	919	2,500
Depreciation for the financial year	157	103	260
Disposals	(39)	-	(39)
Written off	(9)	(29)	(38)
Balance at 31 December 2021	1,690	993	2,683
Carrying amount			
Balance at 31 December 2021	262	523	785

The details of the Group's freehold property & building are as follows:

Location	Description	Tenure
Suite 309/50 Holt Street, Surry Hills, New South Wales 2010, Australia	General office unit	Freehold

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. Property, plant and equipment (Continued)

The details of the Group's and the Company's leasehold properties are as follows:

Location	Description	Tenure
18 Boon Lay Way #05-113 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #05-114 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #06-109 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #06-110 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #06-111 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003

5. Investment properties

	Company	
	2022	2021
	$'000	$'000
Cost		
Balance at beginning and end of financial year	**2,791**	2,791
Accumulated depreciation		
Balance at beginning of financial year	**433**	378
Depreciation for the financial year	**56**	55
Balance at end of financial year	**489**	433
Carrying value		
At end of financial year	**2,302**	2,358

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. Investment properties (Continued)

The following amounts are recognised in profit or loss:

	Company	
	2022	2021
	$'000	$'000
Rental income from investment properties	**149**	149
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property	**24**	24

The details of the Company's investment properties are as follows:

Location	Description	Tenure
18 Boon Lay Way #04-108 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #04-110 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003
18 Boon Lay Way #04-111 TradeHub 21, Singapore 609966	General office unit	60 years leasehold from 10 December 2003

The Company leased out its investment properties to its subsidiaries, M.Tech Holdings Pte. Ltd. and M.Tech Products Pte Ltd, under cancellable operating leases. At Group level, the investment properties are reclassified as leasehold properties in Note 4 to the financial statements.

The fair value of the Company's investment properties as at 31 December 2022 was approximately $3,068,000 (2021: $3,017,000). The fair value was determined based on the management's estimation using the Direct Sale Comparison approach by making reference to market evidence of transacted prices per square metre for comparable properties in similar locations. In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. Management considers that the fair value of the investment properties is sensitive to these unobservable adjustments made for differences in size, tenure and type used to determine the price per square metre.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. Investment properties (Continued)

Any changes to the unobservable inputs, to the extent that they increase or decrease the price per square metre, will result in a corresponding increase or decrease in the fair values of the properties. There is no significant inter-relationship between unobservable inputs.

There have been no changes in the valuation techniques of investment properties as at the end of the reporting period. The resulting fair values of leasehold properties are considered level 3 recurring fair value measurements.

6. Investments in subsidiaries

	Company	
	2022	2021
	$'000	$'000
Unquoted equity investments, at cost	**317**	693
Liquidation of a subsidiary	**-**	(376)
Allowance for impairment losses	**(317)**	(212)
Carrying amount	**-**	105

Movements in allowance for impairment losses are as follows:

	Company	
	2022	2021
	$'000	$'000
Balance at beginning of financial year	**212**	212
Allowance made during the financial year	**105**	-
Balance at end of financial year	**317**	212

During the financial year, the Company carried out a review on the recoverable amount of investment in M.Tech Products Philippines, Inc. operating in Philippines due to the losses reported by this subsidiary as a result of significant decrease in the trading activities. The review led to the recognition of further impairment loss of approximately $105,000 (2021: $Nil) that have been recognised in the Company's profit or loss. The recoverable amount of $Nil has been determined based on fair value less cost of disposal which was estimated by the management using fair value of the financial position of the subsidiary. Management determined the fair value of the financial position of the subsidiary to be approximate their carrying values due to their relatively short-term maturity of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Investments in subsidiaries (Continued)

Acquisition of additional interest in a subsidiary

In the previous financial year, the Company's subsidiary, M.Tech Holdings Pte. Ltd. acquired the remaining 23.25% equity interest in M.Tech Products Pte Ltd of $14,950,000 from non-controlling interests for a cash consideration of $15,870,000. The excess consideration of $920,000 has been recognised as "Premium on acquisition of non-controlling interests" within equity (Note 22).

Liquidation of a subsidiary

During the financial year, the Company's indirect subsidiary incorporated in Malaysia, E Fortify Asia Sdn. Bhd. ("E Fortify Malaysia") had been wound up under member's voluntary liquidation on 24 January 2022. Accordingly, E Fortify Malaysia ceased to be a subsidiary of the Company. The cost of investment in E Fortify Malaysia recognised in previous financial year which amounted to $1, has been written off upon liquidation of the subsidiary.

In the previous financial year, the Company's wholly-owned subsidiary incorporated in the People's Republic of China, Multi-Chem PCB (Kunshan) Co., Ltd. ("Multi-Chem PCB Kunshan"), had been wound up under member's voluntary liquidation on 22 June 2021. Accordingly, Multi-Chem PCB Kunshan ceased to be a subsidiary of the Company. The cost of investment in Multi-Chem PCB Kunshan recognised in previous financial year which amounted to approximately $376,000, has been written off upon liquidation of the subsidiary.

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2022 %	2021 %	**2022** %	2021 %	
Held by the Company					
M.Tech Products Philippines, Inc.[g] (Philippines)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. **Investments in subsidiaries** (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2022	2021	**2022**	2021	
	%	%	**%**	%	
Held by the Company (Continued)					
M.Tech Holdings Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Investment holding, distribution of hardware and software relating to internet and networks products and the provision of management and administration of the business functions and affairs of its subsidiaries and related company.
Held by M.Tech Holdings Pte. Ltd.					
M.Tech Products Pte Ltd[a] (Singapore)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M-Solutions Technology (Thailand) Co., Ltd.[d],[e] (Thailand)	**49**	49	**51**	51	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M-Security Technology Sdn. Bhd.[b] (Malaysia)	**100**	100	**-**	-	Distribution of information technology products and related services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2022 %	2021 %	**2022 %**	2021 %	
Held by M.Tech Holdings Pte. Ltd. (Continued)					
SecureOneAsia Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, the provision of maintenance services for such products and provision of management services
M-Security Technology Indochina Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech (Shanghai) Co., Ltd.[c] (People's Republic of China)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
PT. M.Tech Products[f] (Indonesia)	**99**	99	**1**	1	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products (HK) Pte Limited[h] (Hong Kong)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2022 %	2021 %	2022 %	2021 %	
Held by M.Tech Holdings Pte. Ltd. (Continued)					
M.Tech Products TW Pte. Ltd.[a] (Singapore)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M. Tech Products Aust Pty Limited[i] (Australia)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
SecureOne India Holding Pte. Ltd.[a] (Singapore)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products Japan Kabushiki Kaisha[j] (Japan)	100	100	-	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products
M.Tech Products New Zealand Limited[j] (New Zealand)	100	100	-	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. **Investments in subsidiaries** (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2022 %	2021 %	**2022 %**	2021 %	
Held by M.Tech Holdings Pte. Ltd. (Continued)					
M.Tech Products Korea Limited Liability Company[j] (South Korea)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products
M.Tech Products (UK) Pte Ltd[j] (United Kingdom)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products
E-Secure Asia Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
E-Secure Asia Co., Ltd.[d],[e] (Thailand)	**48.80**	-	**51.20**	-	Distribution of IT products and maintenance services
Held by M.Tech Products Pte Ltd					
M.SaaS Solutions Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Software consultancy and implementation services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2022	2021	**2022**	2021	
	%	%	**%**	%	
Held by SecureOneAsia Pte. Ltd.					
M-Security Tech Philippines Inc.[g] (Philippines)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products Myanmar Ltd.[j] (Republic of the Union of Myanmar)	**100**	100	**-**	-	Provision of installation and maintenance services for internet and network products
Held by SecureOne India Holding Pte. Ltd.					
M.Tech Solutions (India) Private Limited[l] (India)	**99.99**	99.99	**0.01**	0.01	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
Held by M-Security Technology Indochina Pte. Ltd.					
M-Security Technology Vietnam Company Limited[k] (Vietnam)	**100**	100	**-**	-	Provision of installation and related technical service of hardware and software relating to internet and network products and distribution of such products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held		Proportion of ownership interest held by non-controlling interests		Principal activities
	2022 %	2021 %	**2022** %	2021 %	
Held by E-Secure Asia Pte. Ltd.					
E Fortify Asia Sdn. Bhd.[b] (Malaysia)	-	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
E-Secure Asia Co., Ltd.[d],[e] (Thailand)	-	48.80	-	51.20	Distribution of IT products and maintenance services
Held by M.SaaS Solutions Pte. Ltd.					
M.SaaS Lanka (Private) Limited[j] (Sri Lanka)	**100**	100	-	-	Provision of IT services, software license sales and hardware sales

Notes:

(a) Audited by BDO LLP, Singapore
(b) Audited by BDO PLT, Malaysia, a member firm of BDO International Limited
(c) Audited by Jiangsu Welsen Certified Public Accountants Co., Ltd., People's Republic of China
(d) Audited by Dharmniti Auditing Co., Ltd, Thailand
(e) Deemed to be a subsidiary as the Company has power, exposure to variable returns and the ability to use its power to affect those variable returns over the subsidiary.
(f) Audited by KAP Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited
(g) Audited by Bermudez and Associates, Philippines
(h) Audited by Keith Lam & Co., Hong Kong
(i) Audited by BDO Audit Pty Ltd, Australia, a member firm of BDO International Limited
(j) Not required to be audited and not considered as significant subsidiaries as defined under Rule 718 of the SGX Listing Manual
(k) Audited by Nexia Stt Vietnam Co., Ltd, Vietnam
(l) Audited by MSKA & Associates Chartered Accountants, India, a member firm of BDO International Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. Investments in subsidiaries (Continued)

Significant restriction

Cash and bank balances of $1,788,000 (2021: $4,375,000), equivalent to RMB9,321,000 (2021: RMB20,765,000), held with subsidiaries in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

7. Club memberships

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Cost				
Balance at beginning of financial year	**822**	811	**374**	374
Addition	**296**	-	**-**	-
Currency translation adjustment	**(11)**	11	**-**	-
Balance at end of financial year	**1,107**	822	**374**	374
Accumulated amortisation				
Balance at beginning of financial year	**88**	76	**-**	-
Amortisation for the financial year	**10**	10	**-**	-
Currency translation adjustment	**(1)**	2	**-**	-
Balance at end of financial year	**97**	88	**-**	-
Carrying value				
Balance at end of financial year	**1,010**	734	**374**	374

Club memberships comprise memberships for golf clubs in Singapore. Club memberships of subsidiaries with carrying amount of $165,000 (2021: $176,000) which are subject to amortisation over their useful lives have remaining amortisation periods of 18 (2021: 19) years.

As at 31 December 2022, the Group and the Company had club memberships held in trust by employees and Directors of the Group and the Company with carrying amount of $1,010,000 and $374,000 (2021: $734,000 and $374,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. Right-of-use assets

	Properties $'000	Office equipment $'000	Total $'000
Group			
Cost			
Balance at 1 January 2022	5,042	670	5,712
Additions	474	-	474
Reclassification (Note 4)	-	(637)	(637)
Disposals	(638)	-	(638)
Modification to lease terms	(4)	-	(4)
Currency translation adjustment	(358)	6	(352)
Balance at 31 December 2022	4,516	39	4,555
Accumulated depreciation			
Balance at 1 January 2022	2,468	44	2,512
Depreciation for the financial year	1,204	87	1,291
Reclassification (Note 4)	-	(122)	(122)
Disposals	(638)	-	(638)
Currency translation adjustment	(176)	-	(176)
Balance at 31 December 2022	2,858	9	2,867
Carrying amount			
Balance at 31 December 2022	1,658	30	1,688

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. Right-of-use assets (Continued)

	Properties $'000	Office equipment $'000	Total $'000
Group			
Cost			
Balance at 1 January 2021	4,551	39	4,590
Additions	1,336	667	2,003
Disposals	(581)	-	(581)
Modification to lease terms	(298)	(40)	(338)
Currency translation adjustment	34	4	38
Balance at 31 December 2021	5,042	670	5,712
Accumulated depreciation			
Balance at 1 January 2021	1,943	21	1,964
Depreciation for the financial year	1,250	51	1,301
Disposals	(581)	-	(581)
Modification to lease terms	(153)	(29)	(182)
Currency translation adjustment	9	1	10
Balance at 31 December 2021	2,468	44	2,512
Carrying amount			
Balance at 31 December 2021	2,574	626	3,200

For the purpose of consolidated statement of cash flows, the additions above included a cash payment of $Nil (2021: $428,000) for initial direct costs incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. Right-of-use assets (Continued)

	Properties $'000	Office equipment $'000	Total $'000
Company			
Cost			
Balance at 1 January 2022	**146**	**325**	**471**
Reclassification (Note 4)	**-**	**(325)**	**(325)**
Balance at 31 December 2022	**146**	**-**	**146**
Accumulated depreciation			
Balance at 1 January 2022	**16**	**27**	**43**
Depreciation for the financial year	**49**	**38**	**87**
Reclassification (Note 4)	**-**	**(65)**	**(65)**
Balance at 31 December 2022	**65**	**-**	**65**
Carrying amount			
Balance at 31 December 2022	**81**	**-**	**81**
Cost			
Balance at 1 January 2021	175	-	175
Additions	146	325	471
Disposals	(175)	-	(175)
Balance at 31 December 2021	146	325	471
Accumulated depreciation			
Balance at 1 January 2021	58	-	58
Depreciation for the financial year	45	27	72
Disposals	(87)	-	(87)
Balance at 31 December 2021	16	27	43
Carrying amount			
Balance at 31 December 2021	130	298	428

During the current financial year, carrying amounts of motor vehicles classified within office equipment have been reclassified to property, plant and equipment (Note 4) due to full settlement of the related lease liabilities (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Deferred tax assets/(liabilities)

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Deferred tax assets	**5,556**	5,173	-	-
Deferred tax liabilities	**(1,114)**	(1,097)	-	-

Movements in deferred tax assets are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**5,173**	3,784	-	-
Credit to profit or loss	**691**	1,368	-	-
Currency translation adjustment	**(308)**	21	-	-
Balance at end of financial year	**5,556**	5,173	-	-

Movements in deferred tax liabilities are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**(1,097)**	(717)	-	(2)
(Charge)/credit to profit or loss	**(17)**	(380)	-	2
Balance at end of financial year	**(1,114)**	(1,097)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. Deferred tax assets/(liabilities) (Continued)

The following are the major deferred tax assets recognised by the Group and the movements during the financial year.

	Provisions $'000	Unutilised tax losses $'000	Other temporary differences $'000	Total $'000
Group				
At 1 January 2022	**2,703**	**-**	**2,470**	**5,173**
(Charge)/credit to profit or loss	**(92)**	**238**	**545**	**691**
Currency translation adjustment	**(151)**	**(13)**	**(144)**	**(308)**
At 31 December 2022	**2,460**	**225**	**2,871**	**5,556**
At 1 January 2021	2,755	122	907	3,784
(Charge)/credit to profit or loss	(99)	(122)	1,589	1,368
Currency translation adjustment	47	-	(26)	21
At 31 December 2021	2,703	-	2,470	5,173

Deferred tax assets are recognised for provisions, unutilised tax losses and deductible temporary differences to the extent that realisation of the related tax benefits through future taxable profits is probable.

The following are the major deferred tax liabilities recognised by the Group and the movements during the financial year.

	Accelerated tax depreciation $'000	Provisions $'000	Others $'000	Total $'000
Group				
At 1 January 2022	**-**	**-**	**(1,097)**	**(1,097)**
Charge to profit or loss	**-**	**-**	**(17)**	**(17)**
At 31 December 2022	**-**	**-**	**(1,114)**	**(1,114)**
At 1 January 2021	2	16	(735)	(717)
Charge to profit or loss	(2)	(16)	(362)	(380)
At 31 December 2021	-	-	(1,097)	(1,097)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. Financial asset, at FVOCI

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**373**	552	**-**	-
Fair value recognised in OCI (Note 22)	**(176)**	(165)	**-**	-
Currency translation adjustment	**(18)**	(14)	**-**	-
Balance at end of financial year	**179**	373	**-**	-

Details of the instruments are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Quoted equity instruments	**179**	373	**-**	-
Unquoted equity instruments	**-**	-	**-**	-
	179	373	**-**	-

The Group and Company have designated all equity instruments to be measured at fair value through other comprehensive income ("FVOCI"). The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes. Dividend income recognised for these investments are included in "Other income".

The Group's investment in quoted equity instruments has no fix maturity date or coupon rate. The fair value of these equity instruments is based on closing quoted market price on the last market day of financial year.

The fair value of the Company's unquoted equity instruments was $Nil at the end of each reporting period.

The currency of the Group's investments in equity instruments as at 31 December 2022 and 31 December 2021 is denominated in Australian dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. Financial asset, at FVPL

	Group and Company	
	2022	2021
	$'000	$'000
Investment in life insurance plan, at fair value	**4,749**	4,628

Movements in the investment in life insurance plan is as follows:

	Group and Company	
	2022	2021
	$'000	$'000
Balance at beginning of financial year	**4,628**	4,384
Fair value change recognised in profit or loss	**155**	134
Exchange differences charged to profit or loss	**(34)**	110
Balance at end of financial year	**4,749**	4,628

The investment in life insurance plan pertains to the Jade Ultra Global Generations Universal Life Insurance Policy (the "Policy") purchased by the Company for a Director with a sum insured of US$8,500,000 with a guaranteed return of 4.2% per annum within the 1 year lock-in period, after which, a variable return will be received, as determined by the insurer. On initial recognition, the single premium paid on the Policy amounted to US$703,000, equivalent to approximately $922,000 (Note 13). The investment is measured at fair value and changes therein are recognised in profit or loss.

The currency of the Group's and the Company's financial asset, at FVPL as at 31 December 2022 and 31 December 2021 is denominated in United States dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. Trade and other receivables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Non-current assets				
Trade receivables – third parties	**11,821**	11,012	**-**	-
Current assets				
Trade receivables				
- third parties	**140,213**	129,031	**526**	640
Loss allowance on third party trade receivables	**(5,160)**	(5,635)	**(3)**	(3)
	135,053	123,396	**523**	637
Non-trade receivables				
- third parties	**11,155**	7,180	**25**	-
- a subsidiary	**-**	-	**32,979**	32,546
	146,208	130,576	**33,527**	33,183
Deposits	**485**	518	**11**	11
Value added tax	**772**	1,608	**-**	-
Total current trade and other receivables	**147,465**	132,702	**33,538**	33,194
Total trade and other receivables	**159,286**	143,714	**33,538**	33,194

Non-current trade receivables due from third parties are unsecured, non-interest bearing and expected to be settled within 2 to 5 years (2021: 2 to 6 years). The fair value of non-current trade receivables is computed based on cash flows discounted at market borrowing rates and approximates its carrying amounts.

Current trade receivables due from third parties are unsecured, non-interest bearing and generally on 30 to 120 (2021: 30 to 120) days credit terms.

The amount due from a subsidiary is unsecured, repayable on demand and bears an average interest rate of 2.6% (2021: 1.2%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. Trade and other receivables (Continued)

Movements in loss allowance on third party trade receivables were as follows:

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of financial year	**5,635**	6,741
Loss allowance made during the financial year		
- made for lifetime expected credit loss, not credit impaired	**251**	300
- reversed for lifetime expected credit loss, credit impaired	**(526)**	(847)
Receivable written off as uncollectible	**(8)**	(651)
Currency translation adjustment	**(192)**	92
Balance at end of financial year	**5,160**	5,635

As at 31 December 2022, trade receivables of $2,352,000 (2021: $2,974,000) had lifetime expected credit losses of the full value of the receivables. These receivables due at the end of financial year relates to customers located in various geographical areas. The main factors considered in determining the lifetime expected credit losses for these customers are debts past due more than 5 months and there was currently uncertainty over the recoverability of the debts.

Trade receivables are written off when there is no reasonable expectation of recovery such as debtor is under financial difficulties. When receivables are written off, the Group continues to engage in enforcement activity in order to recover the receivables due. If the receivables are subsequently recovered, such recovery is recognised in profit or loss as "other income". As at 31 December 2022, trade receivables of $8,000 (2021: $651,000) were written off from previously credit impaired lifetime expected credit loss during the year.

During the financial year, trade receivables of $43,000 (2021: $Nil) were written off as bad debts and charged to profit or loss as there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. Trade and other receivables (Continued)

The currency profiles of the Group's and the Company's trade and other receivables at each reporting date are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**3,562**	5,236	**19,066**	22,710
United States dollar	**103,203**	94,866	**14,472**	10,484
Chinese renminbi	**5,527**	7,028	**-**	-
Thailand baht	**6,935**	5,353	**-**	-
Indian rupee	**8,295**	6,062	**-**	-
Ringgit Malaysia	**10,206**	7,759	**-**	-
New Taiwan dollar	**1,542**	1,860	**-**	-
Australian dollar	**7,743**	4,480	**-**	-
Indonesian rupiah	**7,651**	7,366	**-**	-
Vietnamese Dong	**2,725**	919	**-**	-
Others	**1,897**	2,785	**-**	-
	159,286	143,714	**33,538**	33,194

13. Prepayments

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Non-current	**1,657**	217	**141**	217
Current	**1,350**	990	**119**	117
	3,007	1,207	**260**	334

As at 31 December 2022, the Group's and the Company's prepayment of $141,000 (2021: $217,000) classified as non-current assets represent prepaid insurance premium in relation to the life insurance plan purchased for a Director of the Company (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. Inventories

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trading goods	**69,318**	51,430	**445**	461

The cost of inventories recognised as an expense are included in "cost of sales" line item in profit or loss (Note 27).

During the financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off have been included in "cost of sales" line item in profit or loss (Note 27).

15. Cash and bank balances

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Bank balances	**32,737**	69,842	**1,104**	10,381
Fixed deposits	**36,765**	4,530	**13,245**	-
Cash and bank balances	**69,502**	74,372	**14,349**	10,381
Fixed deposits with maturity >3 months	**40**	42		
	69,542	74,414		
Fixed deposits pledged with banks	**(49)**	(51)		
Cash and cash equivalents as per consolidated statement of cash flows	**69,493**	74,363		

Fixed deposits mature on varying dates between 2 days to 5 months (2021: 3 days to 5 months) from the end of the reporting period. The effective interest rates on the fixed deposits range from 0.01% to 4.61% (2021: 0.01% to 6.80%) per annum.

As at 31 December 2022, the fixed deposits of the Group amounting to $49,000 (2021: $51,000) were pledged to banks as security for certain banking facilities in foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. Cash and bank balances (Continued)

The currency profiles of the Group's and the Company's cash and bank balances at each reporting date are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**15,224**	8,761	**8,932**	1,966
United States dollar	**41,459**	47,637	**5,389**	8,370
Chinese renminbi	**3,286**	4,176	**-**	-
Ringgit Malaysia	**42**	2,863	**-**	-
Thailand baht	**1,835**	346	**-**	-
Indian rupee	**1,529**	3,755	**-**	-
Australian dollar	**1,715**	2,095	**-**	-
Indonesian rupiah	**2,181**	1,435	**-**	-
Others	**2,271**	3,346	**28**	45
	69,542	74,414	**14,349**	10,381

16. Trade and other payables

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Non-current payables				
Trade payables – third parties	**11,267**	8,089	**-**	-
Current payables				
Trade payables				
- third parties	**105,761**	83,940	**57**	67
Non-trade payables				
- third parties	**20,685**	19,596	**61**	29
Accrued operating expenses	**14,437**	17,056	**5,013**	5,505
Value added tax	**1,323**	1,768	**67**	51
Total current trade and other payables	**142,206**	122,360	**5,198**	5,652
Total trade and other payables	**153,473**	130,449	**5,198**	5,652

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. Trade and other payables (Continued)

Trade and non-trade payables are unsecured, non-interest bearing and are generally on 30 to 90 (2021: 30 to 90) days credit terms except for non-current trade payables which will be repayable within 2 to 4 years (2021: 2 to 5 years). The fair value of the non-current trade payables is computed based on cash flows discounted at market borrowing rates and approximates its carrying amount.

The currency profiles of the Group's and the Company's trade and other payables at each reporting date are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**9,228**	11,995	**5,142**	5,581
United States dollar	**113,490**	92,139	**56**	68
Chinese renminbi	**2,857**	4,160	**-**	-
Ringgit Malaysia	**10,629**	7,354	**-**	-
Thailand baht	**2,451**	2,998	**-**	-
Australian dollar	**5,683**	3,388	**-**	-
New Taiwan dollar	**921**	1,585	**-**	1
Indonesian rupiah	**2,238**	1,413	**-**	-
Indian rupee	**4,081**	4,180	**-**	-
Vietnamese Dong	**1,175**	613	**-**	-
Others	**720**	624	**-**	2
	153,473	130,449	**5,198**	5,652

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Lease liabilities

	Properties $'000	Office equipment $'000	Total $'000
Group			
Balance at 1 January 2022	**2,849**	**163**	**3,012**
Additions	**467**	**-**	**467**
Modification to lease terms	**(4)**	**-**	**(4)**
Interest expense	**191**	**2**	**193**
Lease payments			
- Principal portion	**(1,133)**	**(134)**	**(1,267)**
- Interest portion	**(191)**	**(2)**	**(193)**
Currency translation adjustment	**(208)**	**-**	**(208)**
Balance at 31 December 2022	**1,971**	**29**	**2,000**
Balance at 1 January 2021	2,819	22	2,841
Additions	1,331	239	1,570
Modification to lease terms	(148)	(15)	(163)
Interest expense	224	3	227
Lease payments			
- Principal portion	(1,179)	(83)	(1,262)
- Interest portion	(224)	(3)	(227)
Currency translation adjustment	26	-	26
Balance at 31 December 2021	2,849	163	3,012

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Lease liabilities (Continued)

	Properties $'000	Office equipment $'000	Total $'000
Company			
Balance at 1 January 2022	**130**	**59**	**189**
Interest expense	**2**	**1**	**3**
Lease payments			
- Principal portion	**(48)**	**(59)**	**(107)**
- Interest portion	**(2)**	**(1)**	**(3)**
Balance at 31 December 2022	**82**	**-**	**82**
Balance at 1 January 2021	107	-	107
Additions	142	100	242
Modification to lease terms	(81)	-	(81)
Interest expense	3	1	4
Lease payments			
- Principal portion	(38)	(41)	(79)
- Interest portion	(3)	(1)	(4)
Balance at 31 December 2021	130	59	189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group and the Company at each reporting date was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Contractual undiscounted cash flows				
- Within one year	**1,173**	1,421	**50**	110
- After one year but within five years	**1,076**	2,023	**34**	84
	2,249	3,444	**84**	194
Less: Future interest expense	**(249)**	(432)	**(2)**	(5)
Present value of lease liabilities	**2,000**	3,012	**82**	189
Presented in statements of financial position				
- Current	**1,048**	1,257	**49**	107
- Non-current	**952**	1,755	**33**	82
	2,000	3,012	**82**	189

The Group and the Company lease a number of properties (i.e. offices) and the Group leases office equipment (i.e. copier machines and motor vehicles) with fixed payments over the lease terms.

Certain office equipment of the Group are qualified for low value assets and the Group also leases certain properties on the short-term basis (i.e. 12 months or less). The election of short-term leases is made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption is made on lease-by-lease basis.

The total cash outflows for all leases including low value and short-term leases for the Group and the Company were $1,506,000 and $110,000 (2021: $1,524,000 and $83,000) respectively.

Certain leases of the Group and the Company are secured over the right-of-use assets. The right-of-use office equipment with a carrying amount of $30,000 and $Nil (2021: $626,000 and $298,000) are secured over the lease liabilities of $29,000 and $Nil (2021: $163,000 and $59,000) respectively. These assets will be seized and returned to lessor in the event of default by the Group and the Company. In the current financial year, these leases pertaining to office equipment were fully repaid and are reclassified from right-of-use assets (Note 8) to property, plant and equipment (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. Lease liabilities (Continued)

As at 31 December 2022, the Group and the Company have approximately $17,000 and $Nil (2021: $4,000 and $Nil) respectively of aggregate undiscounted commitments for short-term leases.

As at 31 December 2022, the average incremental borrowing rate applied in the lease liabilities measurement was 4.71% (2021: 5.18%).

The currency profiles of the Group's and the Company's lease liabilities at each reporting date are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Singapore dollar	**112**	293	**82**	189
United States dollar	**92**	26	**-**	-
Chinese renminbi	**378**	519	**-**	-
Ringgit Malaysia	**110**	182	**-**	-
Thailand baht	**189**	347	**-**	-
Indonesian rupiah	**94**	220	**-**	-
Indian rupee	**916**	1,024	**-**	-
Others	**109**	401	**-**	-
	2,000	3,012	**82**	189

18. Bank borrowings

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Current liabilities				
Term loan I	**1,000**	500	**-**	-
Non-current liabilities				
Term loan I	**417**	1,500	**-**	-
	1,417	2,000	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. Bank borrowings (Continued)

The average effective interest rates per annum of the bank borrowings are as follows:

	Group		Company	
	2022	2021	**2022**	2021
	%	%	**%**	%
Term loan I	**2.02**	2.02	**-**	-

Term loan I from a financial institution under Enterprise Financing Scheme is repayable over 24 months commencing from July 2022 and secured by corporate guarantees provided by the Company as disclosed in Note 31.2. The interest rate is fixed at 2% per annum.

As at the end of the reporting period, the Group and the Company have banking facilities as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Banking facilities granted	**144,387**	149,987	**77,500**	77,500
Banking facilities utilised	**2,000**	2,000	**-**	-

Bank borrowings are denominated in Singapore dollar.

The carrying amounts of non-current bank borrowings approximate their fair values as at the reporting date due to insignificant effects of discounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. Provision for post-employee benefits

The Group recognises provision for post-employment benefits for all its permanent employees in Indonesia in accordance with Indonesian Labour Law No. 13/2003. The program is not funded by the Group. The provision is based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method".

	Group	
	2022	2021
	$'000	$'000
Provision for employee service entitlement benefits		
- Post-employment benefit program ("Plan A")	**519**	588
- Other long-term employee benefit program ("Plan B")	**35**	36
	554	624

	Group	
	2022	2021
	$'000	$'000
Present value of provision for post-employee benefits	**616**	619
Currency alignment	**(62)**	5
Net benefit liability	**554**	624

The amounts recognised in profit or loss in respect of these employee benefits are as follows:

	Group	
	2022	2021
	$'000	$'000
Current services costs	**103**	124
Past services costs	**(58)**	(149)
Interest costs	**33**	45
Adjustment due to change in attribution method	**(68)**	-
Actuarial gain	**4**	(3)
Foreign exchange rate effect	**3**	-
	17	17

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19. Provision for post-employee benefits (Continued)

Changes in the present value of the provision for post-employee benefits are as follows:

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of financial year	**624**	649
Charge to profit or loss	**17**	17
Net remeasurements of post-employee benefits recognised in other comprehensive income	**(11)**	(37)
Repayment made during the financial year	**(14)**	(10)
Currency realignment	**(62)**	5
Balance at end of financial year	**554**	624

The cost of providing for employee benefits is calculated by independent actuaries. The actuarial valuations were carried out using the following key assumptions:

	Group	
	2022	2021
Financial assumptions:		
Annual discount rate		
- Plan A	**7.50%**	7.50%
- Plan B	**4.05%**	1.50%
Annual salary growth rate	**10%**	10%
Demographic assumptions:		
Retirement age	**56 years**	56 years

The weighted average duration of the post-employee benefits at the end of the reporting period is 17.09 years (2021: 16.89 years).

Significant actuarial assumptions for the determination of the defined obligation are annual discount rate and annual salary growth. No sensitivity analysis is disclosed as the effect of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, will not have a significant effect on the defined obligation valuations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20. Share capital

	Group and Company			
	2022	2021	**2022**	2021
	Number of ordinary shares			
	'000	'000	**$'000**	$'000
Issued and fully-paid				
Balance at beginning and end of financial year	**90,095**	90,095	**37,288**	37,288

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

21. Foreign currency translation account

Foreign currency translation account comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

22. Other reserves

	Group	
	2022	2021
	$'000	$'000
Premium on acquisition of non-controlling interests	**(1,043)**	(1,043)
Fair value reserve	**(264)**	(88)
China statutory reserve	**289**	289
Thailand statutory reserve	**41**	41
	(977)	(801)

Premium on acquisition of non-controlling interests

Premium on acquisition of non-controlling interests is the effect of transactions with non-controlling interests if there are no changes in control and the transactions will no longer result in goodwill or gains or losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. Other reserves (Continued)

Fair value reserve

Fair value reserve represents the cumulative fair value changes, net of tax, of financial assets measured at FVOCI until they are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to retained earnings.

China statutory reserve

According to the relevant regulations in the People's Republic of China ("PRC") and the Articles of Association of the PRC subsidiaries, they are required to transfer 10% of their profit after income tax to the statutory reserve until the reserve balance reaches 50% of their registered capital. The transfer of this reserve must be made before the distribution of dividends to shareholders. Statutory reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of owners, provided that the balance after conversion is not less than 25% of the registered capital.

Thailand statutory reserve

Under the provisions of the Civil and Commercial Code of Thailand, the subsidiary in Thailand is required to set aside as legal reserve at least 5% of its profit at each dividend declaration until the reserve reaches 10% of authorised capital. The reserve is not available for dividend distribution. The subsidiary in Thailand had already appropriated retained earnings as legal reserve amounting to Thailand baht 1,000,000 (or $41,000) equivalent to 10% of the authorised capital.

The movements of the other reserves of the Group are presented in the consolidated statement of changes in equity.

23. Retained earnings

Movements of retained earnings of the Company are as follows:

	Company	
	2022	2021
	$'000	$'000
Balance at beginning of financial year	**9,919**	6,389
Total comprehensive income for the financial year	**16,540**	13,260
Dividends (Note 30)	**(12,163)**	(9,730)
Balance at end of financial year	**14,296**	9,919

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table:

	Group					
	At a point time		Over time		Total	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
IT business						
- Distribution of IT products	600,801	588,639	-	-	600,801	588,639
- In-house maintenance services	-	-	9,562	8,108	9,562	8,108
- Professional services	4,378	4,456	-	-	4,378	4,456
- Training services	208	345	-	-	208	345
PCB business						
- PCB services	948	1,017	-	-	948	1,017
- Distribution of PCB related products	589	575	-	-	589	575
	606,924	595,032	9,562	8,108	616,486	603,140
Rental						
IT					7	22
PCB					487	478
					616,980	603,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. Revenue (Continued)

Contract liabilities

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Non-current liabilities				
Deferred revenue	**2,989**	2,295	-	-
Current liabilities				
Advance billings	**18,102**	15,545	-	-
Deferred revenue	**5,040**	5,332	-	-
Rebate to customers	**4,417**	3,571	-	-
Total current contract liabilities	**27,559**	24,448	-	-
Total contract liabilities	**30,548**	26,743	-	-

a) Significant changes in contract liabilities

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**26,743**	16,106	-	-
Balance recognised as revenue during the financial year	**(12,644)**	(9,845)	-	-
Invoice issued during the year and not recognised as revenue	**17,111**	20,228	-	-
Currency translation adjustment	**(662)**	254	-	-
Balance at end of financial year	**30,548**	26,743	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. Revenue (Continued)

Contract liabilities (Continued)

a) Significant changes in contract liabilities (Continued)

Advanced billings to customers are for products and services to be delivered in future financial periods. Management had assessed that the arrangement did not comprise a significant financing component as the amount is expected to be utilised within 12 months.

Deferred revenue represents unrecognised revenue from maintenance contracts expiring in future financial periods.

The Group offers volume rebates to certain distribution contracts in IT business. Revenue is presented net of rebates accrued.

b) Remaining performance obligations

Certain delivery of IT products and in-house maintenance services have been entered into for which both:

- the Group's right to consideration does not correspond directly with the performance; and
- the original contractual period was greater than 12 months.

The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

2022

	2023 $'000	2024 $'000	2025 $'000	2026 $'000	2027 $'000	2028 $'000	2029 $'000	Total $'000
Advance billings	18,102	-	-	-	-	-		18,102
Deferred revenue	5,040	1,601	780	433	157	16	2	8,029
	23,142	1,601	780	433	157	16	2	26,131

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. Revenue (Continued)

Contract liabilities (Continued)

b) Remaining performance obligations (Continued)

2021

	2022 $'000	2023 $'000	2024 $'000	2025 $'000	2026 $'000	2027 $'000	Total $'000
Advance billings	15,545	-	-	-	-	-	15,545
Deferred revenue	5,332	1,540	566	139	47	3	7,627
	20,877	1,540	566	139	47	3	23,172

Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a significant future reversal in the amount of revenue recognised when the amount of volume rebates has been determined. Therefore, the above amounts do not include the amounts of such variable consideration that has been constrained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. Other income

	Group	
	2022	2021
	$'000	$'000
Commission income	**197**	310
Fair value change in financial asset, FVPL	**155**	134
Freight income	**464**	373
Foreign exchange gain, net	**-**	1,476
Gain on disposal of property, plant and equipment	**155**	241
Gain on lease modifications	**-**	7
Government grant		
- Jobs Support Scheme	**-**	450
- Jobs Growth Incentive	**376**	-
- Others	**242**	1,096
Insurance claim	**-**	85
Marketing income	**-**	92
Third party trade and other payables written off	**221**	76
Scrap sales	**1**	2
Service fee income	**241**	-
Others	**92**	45
	2,144	4,387

26. Finance costs

	Group	
	2022	2021
	$'000	$'000
Interest expenses:		
- bank borrowings	**67**	35
- lease liabilities	**193**	227
- interest accretion on non-current payables	**197**	65
	457	327

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2022	2021
	$'000	$'000
Cost of sales		
Cost of inventories	**520,971**	503,975
Allowance made for inventory obsolescence	**4,592**	2,287
Inventories written off	**81**	52
Depreciation of property, plant and equipment	**99**	99
Selling and distribution costs		
Entertainment	**1,998**	1,324
Sales commission	**4,407**	5,191
Travelling	**125**	44
Administrative and other expenses		
Amortisation of club memberships	**10**	10
Depreciation of property, plant and equipment	**1,215**	1,205
Depreciation of right-of-use assets	**1,291**	1,301
Foreign exchange loss, net	**3,964**	-
Third party trade receivables written off	**43**	-
Directors' fees		
- Directors of the Company	**219**	219
Audit fees		
- auditor of the Company	**163**	157
- other auditors - network firms	**62**	61
- other auditors - non-network firms	**83**	87
Non-audit fees		
(i) Non-audit related services		
- auditor of the Company	**-**	9
- other auditors - network firms	**4**	4
- other auditors - non-network firms	**18**	22
Lease expenses		
- short-term leases	**36**	24
- low value assets	**10**	11
Property, plant and equipment written off	**1**	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

27. Profit before income tax (Continued)

There are no audit related services provided by BDO LLP and its network member firms and other auditors for the financial year ended 31 December 2022 and 31 December 2021.

The profit before income tax also includes:

	Group	
	2022	2021
	$'000	$'000
Employee benefits expense		
- salaries and other short term benefits	**36,253**	35,903
- post-employment benefits	**3,988**	3,688
	40,241	39,591

The employee benefits expense is recognised in the following line items of profit or loss:

	Group	
	2022	2021
	$'000	$'000
Cost of sales	**178**	196
Selling and distribution costs	**28,635**	28,383
Administrative and other expenses	**11,428**	11,012
	40,241	39,591

Included in the employee benefits expense were key management remuneration as disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. Income tax expense

	Group	
	2022	2021
	$'000	$'000
Current income tax		
- current financial year	**5,654**	8,088
- (over)/under provision in prior financial years	**(71)**	164
- withholding tax	**690**	1,353
	6,273	9,605
Deferred tax		
- current financial year	**(676)**	(738)
- under/(over) provision in prior financial years	**2**	(250)
	(674)	(988)
Total income tax expense recognised in profit or loss	**5,599**	8,617

Domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. Income tax expense (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit before income tax as a result of the following differences:

	Group	
	2022	2021
	$'000	$'000
Profit before income tax	**25,596**	35,951
Income tax calculated at applicable income tax rate of 17%	**4,351**	6,112
Effect of different income tax rates in other countries	**448**	1,058
Effect of expenses not deductible for income tax purposes	**315**	782
Effect of partial tax exemption and tax relief	**(177)**	(112)
Deferred tax assets not recognised	**116**	219
Utilisation of deferred tax assets not recognised previously	**(47)**	(712)
(Over)/under provision of current income tax in prior financial years	**(71)**	164
Under/(over) provision of deferred tax in prior financial years	**2**	(250)
Withholding tax	**690**	1,353
Others	**(28)**	3
	5,599	8,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. Income tax expense (Continued)

Unrecognised deferred tax assets

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of financial year	**349**	879
Utilised during the financial year	**(47)**	(712)
Amount not recognised during the financial year	**116**	219
Forfeited upon expiration	**-**	(23)
Reassessment of unrecognised deferred tax assets in prior financial years	**57**	-
Currency translation adjustment	**(99)**	(14)
Balance at end of financial year	**376**	349

Unrecognised deferred tax assets are attributable to:

	Group	
	2022	2021
	$'000	$'000
Unutilised tax losses	**284**	220
Other temporary differences	**92**	129
	376	349

As at 31 December 2022, the Group had unrecognised tax losses of approximately $1,284,000 (2021: $983,000) available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates. No deferred tax assets have been recognised in respect of such losses as the management is not confident that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the consolidated financial statements of the Group in accordance with its accounting policy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2022	2021
Profit after income tax attributable to owners of the parent ($'000)	**19,997**	24,959
Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share ('000)	**90,095**	90,095
Earnings per share (in cents)		
- Basic and diluted	**22.20**	27.70

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

30. Dividends

	Group and Company	
	2022	2021
	$'000	$'000
Interim tax-exempt dividends paid of $0.066 per share in respect of financial year ended 31 December 2022	**5,946**	-
Final tax-exempt dividends paid of $0.069 per share in respect of financial year ended 31 December 2021	**6,217**	-
Interim tax-exempt dividends paid of $0.042 per share in respect of financial year ended 31 December 2021	**-**	3,784
Final tax-exempt dividends paid of $0.066 per share in respect of financial year ended 31 December 2020	**-**	5,946
	12,163	9,730

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. Dividends (Continued)

The Directors of the Company recommend a final tax-exempt (one tier) dividends of $0.111 (2021: $0.069) per ordinary share amounting to approximately $10,001,000 (2021: $6,217,000) be paid in respect of current financial year. The dividends have not been recognised as a liability as at the end of the reporting period as it is subject to approval by shareholders at the Annual General Meeting of the Company.

31. Commitments and contingent liabilities

31.1 Lease commitments

The Group and the Company as lessors

The Group and the Company have entered into lease commitment on its machineries. These non-cancellable leases have remaining lease terms of between 6 to 9 (2021: 6 to 9) months.

As at the end of the reporting period, the undiscounted rentals receivable under non-cancellable leases for plant and machinery are as follows:

	Group and Company	
	2022	2021
	$'000	$'000
Within one year	**284**	290

31.2 Contingent liabilities

Corporate guarantees

As at 31 December 2022, the Company had given guarantees amounting to $1,417,000 (2021: $2,000,000) to certain banks in respect of banking facilities granted to the subsidiaries. Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings.

The Company has considered the fair values of the corporate guarantees and the consequential liabilities derived from its guarantees to the banks with regards to the subsidiaries are insignificant. The subsidiaries for which the guarantees were provided are in favourable equity position and are profitable, with no default in the repayment of borrowings and credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, Greater China (including Hong Kong and Taiwan), Australia, India and other countries. These locations are engaged in the distribution of PCB and distribution of IT products.

The Group has two reportable segments being PCB business and IT business.

The PCB business segment provides PCB related services to PCB fabricators and distributes specialty chemicals and other PCB-related products and equipment to PCB manufacturers and rental of machines.

The IT business segment relates to the distribution of hardware and software relating to internet and network products and the provision of maintenance services for such products.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss from 2021.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Segment information (Continued)

	Singapore		Greater China	Australia	India	Others		
	IT business	PCB business	IT business	IT business	IT business	IT business	Elimination and adjustments	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2022								
Revenue								
- External sales	314,074	2,024	51,285	47,705	59,013	142,879	-	616,980
- Inter-segment sales	1	-	-	-	15	-	(16)	-
Total revenue	314,075	2,024	51,285	47,705	59,028	142,879	(16)	616,980

	Singapore		Greater China	Australia	India	Others		
	IT business	PCB business	IT business	IT business	IT business	IT business	Elimination and adjustments	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2021								
Revenue								
- External sales	288,743	2,070	62,657	51,993	68,034	130,143	-	603,640
- Inter-segment sales	-	-	-	-	4	-	(4)	-
Total revenue	288,743	2,070	62,657	51,993	68,038	130,143	(4)	603,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Segment information (Continued)

	IT business $'000	PCB business $'000	Elimination and adjustments $'000	Total $'000
2022				
Segment results				
Interest income	817	199	-	1,016
Interest expense	(454)	(3)	-	(457)
Depreciation of property, plant and equipment	(974)	(340)	-	(1,314)
Other non-cash items:				
- Gain on disposal of property, plant and equipment	155	-	-	155
- Amortisation of club memberships	(10)	-	-	(10)
- Depreciation of right-of-use assets	(1,204)	(87)	-	(1,291)
- Third party trade receivables written off	(43)	-	-	(43)
- Property, plant and equipment written off	(1)	-	-	(1)
- Inventories written off	(81)	-	-	(81)
- Unrealised foreign exchange loss	(2,662)	(380)	-	(3,042)
- Allowance made for inventory obsolescence	(4,588)	(4)	-	(4,592)
- Reversal of allowance on third party trade receivables	275	-	-	275
- Fair value change in financial asset, at FVPL	-	155	-	155
Segment profit/(loss)	26,453	(857)	-	25,596

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Segment information (Continued)

	IT business $'000	PCB business $'000	Elimination and adjustments $'000	Total $'000
2021				
Segment results				
Interest income	543	59	-	602
Interest expense	(323)	(4)	-	(327)
Depreciation of property, plant and equipment	(988)	(316)	-	(1,304)
Other non-cash items:				
- Gain on disposal of property, plant and equipment	144	97	-	241
- Amortisation of club memberships	(10)	-	-	(10)
- Depreciation of right-of-use assets	(1,228)	(73)	-	(1,301)
- Property, plant and equipment written off	-	(1)	-	(1)
- Inventories written off	(52)	-	-	(52)
- Unrealised foreign exchange (loss)/gain	(1,371)	318	-	(1,053)
- Allowance (made)/reversed for inventory obsolescence	(2,293)	6	-	(2,287)
- Reversal of allowance/(loss allowance) on third party trade receivables	550	(3)	-	547
- Fair value change in financial asset, at FVPL	-	134	-	134
Segment profit/(loss)	38,205	(2,254)	-	35,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. Segment information (Continued)

Geographical information

The Group's two business segments operate in four main geographical areas. Revenue is based on the country in which the customer is located.

Revenue from external customers

	Singapore $'000	Greater China $'000	Australia $'000	India $'000	Others $'000	Group $'000
2022						
Revenue from external customers	271,680	52,381	48,415	60,012	184,492	616,980
2021						
Revenue from external customers	249,829	67,246	51,444	65,960	169,161	603,640

Location of non-current assets

	Singapore $'000	Greater China $'000	Australia $'000	India $'000	Others $'000	Group $'000
2022						
Non-current assets	7,460	610	2,674	1,004	1,626	13,374
2021						
Non-current assets	7,522	836	2,883	907	1,301	13,449

Non-current assets consist of property, plant and equipment, right-of-use assets, club memberships and prepayments as presented in the consolidated statement of financial position of the Group.

Major customers

Revenue derived from one customer (2021: one customer) of the Group's IT business was approximately $103,286,000 (2021: $88,231,000) which contributed 10 percent or more of the Group's revenue in the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions between the Group and Company and its related parties during the financial year at rates and terms agreed between the parties:

	Company	
	2022	2021
	$'000	$'000
With subsidiaries		
Advances made to subsidiaries	**5,981**	7,537
Interest on advances made to a subsidiary	**870**	402
Dividend income	**16,599**	13,177
Rental income	**149**	149
Service fee	**6,920**	4,638

As at 31 December 2022 and 2021, the outstanding balances in respect of the above related party transactions are disclosed in Note 12 to the financial statements.

Compensation of key management personnel

The remuneration of Directors and other members of the key management personnel of the Group and the Company during the financial year was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Salaries and other short-term benefits (other than fees)	**7,257**	8,863	**6,689**	7,074
Post-employment benefits	**117**	119	**95**	86
Directors' fees	**219**	219	**219**	219
	7,593	9,201	**7,003**	7,379

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. Significant related party transactions (Continued)

Compensation of key management personnel (Continued)

The above includes the following remuneration to the Directors of the Company:

	Group	
	2022	2021
	$'000	$'000
Salaries and other short-term benefits (other than fees)	**5,916**	7,363
Post-employment benefits	**46**	50
Directors' fees	**219**	219
	6,181	7,632

34. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk and foreign exchange risk), and liquidity risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure these risks.

34.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company are mainly exposed to credit risk from credit sales. It is the Group policy, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management has established a credit policy under which each new customer is reviewed for creditworthiness before the Group's payment and delivery terms and conditions are offered. The Group's review includes external ratings, and customers' financials, when available. Credit limits are established for each customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.1 Credit risk (Continued)

The management determines concentrations of credit risk through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their geography and ageing. Within each group, geographical economics and geographical credit rating are analysed. The average historical loss rate is computed for each group. Customers are assessed individually for any period-end receivables if specific information is available and the expected credit losses are estimated to be 100%. A customer is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that customer have occurred. Evidence that a customer is credit-impaired includes observable data such as significant financial difficulty of the customer, breach of contract such as a default or past due event or it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	2022	2021
	$'000	$'000
Corporate guarantees provided to banks for subsidiaries' banking facilities utilised as at the end of financial year	**1,417**	2,000

For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet their contractual cash flows obligation in the near future hence, does not expect any material loss allowance under 12-month expected credit loss model.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for the top three trade receivables from third parties amounting to approximately $36,974,000 and $508,000 (2021: $35,534,000 and $626,000) respectively as at 31 December 2022.

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables. The bank deposits are held in financial institutions which are independently rated parties with minimum rating "BBB" and above.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.1 Credit risk (Continued)

The credit risk for trade receivables based on the information provided to the Group's and the Company's management as at the end of the reporting period was as follows:

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
IT business				
- Current	**114,790**	102,616	**-**	-
- Past due 0 to 1 month	**15,900**	17,340	**-**	-
- Past due over 1 to 2 months	**9,605**	12,664	**-**	-
- Past due over 2 to 5 months	**7,442**	2,646	**-**	-
- Past due over 5 months	**3,771**	4,137	**-**	-
	151,508	139,403	**-**	-
PCB business				
- Current	**195**	238	**195**	238
- Past due 0 to 1 month	**146**	170	**146**	170
- Past due over 1 to 2 months	**80**	99	**80**	99
- Past due over 2 to 5 months	**101**	130	**101**	130
- Past due over 5 months	**4**	3	**4**	3
	526	640	**526**	640
	152,034	140,043	**526**	640

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.1 Credit risk (Continued)

As at each financial year end, the lifetime expected loss provision, excluding credit impaired balances, for the Group's and the Company's trade receivables are as follows:

	Australia	Singapore	Greater China	India	Rest of Southeast Asia	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2022							
Group							
IT business							
Expected loss rate	0.0%	2.0%	0.0% to 3.0%	3.5%	0.0% to 3.0%	0.0% to 2.0%	
Gross receivables	11,754	63,650	11,409	21,992	35,374	4,980	149,159
Impairment	-	1,273	176	770	565	24	2,808
PCB business							
Expected loss rate	-	0.0%	-	-	-	-	
Gross receivables	-	523	-	-	-	-	523
Impairment	-	-	-	-	-	-	-
Total							
Gross receivables	11,754	64,173	11,409	21,992	35,374	4,980	149,682
Impairment	-	1,273	176	770	565	24	2,808
Company							
PCB business							
Expected loss rate	-	0.0%	-	-	-	-	-
Gross receivables	-	523	-	-	-	-	523
Impairment	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.1 Credit risk (Continued)

As at each financial year end, the lifetime expected loss provision, excluding credit impaired balances, for the Group's and the Company's trade receivables are as follows:

	Australia $'000	Singapore $'000	Greater China $'000	India $'000	Rest of Southeast Asia $'000	Others $'000	Total $'000
2021							
Group							
IT business							
Expected loss rate	0.0%	2.0%	0.0% to 3.0%	3.5%	0.0% to 4.0%	0.0% to 2.0%	
Gross receivables	8,075	66,152	13,331	18,175	27,515	3,184	136,432
Impairment	-	1,323	195	633	481	29	2,661
PCB business							
Expected loss rate	-	0.0%	-	-	-	-	
Gross receivables	-	637	-	-	-	-	637
Impairment	-	-	-	-	-	-	-
Total							
Gross receivables	8,075	66,789	13,331	18,175	27,515	3,184	137,069
Impairment	-	1,323	195	633	481	29	2,661
Company							
PCB business							
Expected loss rate	-	0.0%	-	-	-	-	-
Gross receivables	-	637	-	-	-	-	637
Impairment	-	-	-	-	-	-	-

For amount due from a subsidiary (Note 12), management has taken into account the available internal information on the subsidiary's past, current and expected operating performance and cash flow position. The management monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the amount due from the subsidiary, by considering their performance ratio and any default in external debts. The risk of default is considered to be minimal as the subsidiary has sufficient liquid assets to repay its debt. Therefore, amount due from a subsidiary has been measured based on 12-month expected credit loss model and subject to insignificant credit loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.1 Credit risk (Continued)

Cash and bank balances

The cash and bank balances are held with the financial institutions with the following credit ratings:

	Group			Company		
	Rating	Bank balance $'000	Fixed deposits $'000	Rating	Bank balance $'000	Fixed deposits $'000
2022						
International banks	**AA/A**	**32,566**	**36,803**	**AA/A**	**1,104**	**13,245**
Domestic banks	**BAA/BBB**	**171**	**2**		**-**	**-**
	Note 15	**32,737**	**36,805**		**1,104**	**13,245**
2021						
International banks	AA/A	69,483	4,570	AA/A	10,381	-
Domestic banks	BAA/BBB	359	2		-	-
	Note 15	69,842	4,572		10,381	-

The credit rating above are derived from Moody's and Fitch ratings. The management monitors the credit ratings of counterparties regularly. Impairment of cash and bank balances has been measured based on 12-month expected credit loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

34.2 Market risk

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currencies other than the functional currencies of the entities within the Group and the Company. The currencies that give rise to this risk are primarily United States dollar, Singapore dollar, Chinese renminbi and Indonesian Rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

The Group and the Company monitor their foreign currency exchange risks closely and maintain funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group and the Company enter into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks (mainly export sales and import purchases).

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period were as follows:

	Assets		**Liabilities**	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Group				
United States dollar	**50,120**	45,878	**156,500**	138,685
Singapore dollar	**10,594**	12,548	**24,717**	31,416
Chinese renminbi	**1,610**	-	**-**	-
Indonesian rupiah	**9,832**	8,801	**2,332**	1,633
Others	**110**	130	**174**	472
Company				
United States dollar	**19,861**	18,854	**56**	68
Others	**28**	45	**-**	3

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk are mainly United States dollar, Singapore dollar, Chinese renminbi and Indonesian rupiah. The Company's exposure to foreign currency risk is mainly in United States dollar, Chinese renminbi and Indonesian rupiah.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risk (Continued)

(i) *Foreign exchange risk management* (Continued)

Foreign currency sensitivity analysis (Continued)

The following table details the Group's and the Company's sensitivity to a 7% (2021: 4%) change in United States dollar, Singapore dollar, Chinese renminbi and Indonesian rupiah against the functional currencies respectively. The sensitivity analysis assumes an instantaneous 7% (2021: 4%) change in the foreign currency exchange rates from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items denominated in United States dollar, Singapore dollar, Chinese renminbi and Indonesian rupiah are included in the analysis.

	Profit or loss	
	2022	2021
	$'000	$'000
Group		
United States dollar		
Strengthens against functional currencies*	**(7,447)**	(3,712)
Weakens against functional currencies*	**7,447**	3,712
Singapore dollar		
Strengthens against functional currencies#	**(989)**	(755)
Weakens against functional currencies#	**989**	755
Chinese renminbi		
Strengthens against functional currencies^	**113**	-
Weakens against functional currencies^	**(113)**	-
Indonesian rupiah		
Strengthens against functional currencies#	**525**	287
Weakens against functional currencies#	**(525)**	(287)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risk (Continued)

(i) Foreign exchange risk management (Continued)

Foreign currency sensitivity analysis (Continued)

	Profit or loss	
	2022	2021
	$'000	$'000
Company		
United States dollar		
Strengthens against Singapore dollar	**1,386**	751
Weakens against Singapore dollar	**(1,386)**	(751)

* Primarily Singapore dollar and Indian rupee
# Primarily United States dollar
^ Primarily Singapore dollar and United States dollar

(ii) Interest rate risk management

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 18 to the financial statements.

The Group's and the Company's financial performance are affected by changes in interest rates due to the impact of such changes on interest expenses from bank borrowings which are at floating interest rates. It is the Group's and the Company's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group and the Company.

The sensitivity analysis for changes in interest rates is deemed not necessary as the Group's and the Company's bank borrowings are at fixed interest rates.

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.3 Liquidity risk

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet their working capital requirement.

Contractual maturity analysis

The following tables detail the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

	Within one year $'000	After one year but within five years $'000	Total $'000
Group			
2022			
Financial liabilities			
Non-interest bearing			
- Trade and other payables [(1)]	140,883	-	140,883
Interest bearing			
- Trade payables	-	11,820	11,820
- Bank borrowings	1,021	420	1,441
- Lease liabilities	1,173	1,076	2,249
	2,194	13,316	15,510
	143,077	13,316	156,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one year $'000	After one year but within five years $'000	Total $'000
Financial liabilities			
Non-interest bearing			
- Trade and other payables (1)	120,592	-	120,592
Interest bearing			
- Trade payables	-	10,120	10,120
- Bank borrowings	538	1,524	2,062
- Lease liabilities	1,421	2,023	3,444
	1,959	13,667	15,626
	122,551	13,667	136,218

	Within one year $'000	After one year but within five years $'000	Total $'000
Company			
2022			
Financial liabilities			
Non-interest bearing			
- Trade and other payables (1)	**5,131**	**-**	**5,131**
Interest bearing			
- Lease liabilities	**50**	**34**	**84**
	5,181	**34**	**5,215**
Financial guarantee contracts	**1,417**	**-**	**1,417**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one year $'000	After one year but within five years $'000	Total $'000
2021			
Financial liabilities			
Non-interest bearing			
- Trade and other payables [1]	5,601	-	5,601
Interest bearing			
- Lease liabilities	110	84	194
	5,711	84	5,795
Financial guarantee contracts	2,000	-	2,000

[1] Excludes value added tax

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest period for which the guarantees could be called upon in the contracted maturity analysis.

The Group's operations are financed mainly through equity, retained earnings, lease liabilities and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

34.4 Capital management policies and objectives

The Group and the Company manage capital to ensure that the Group and the Company are able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group's and the Company's overall strategy remains unchanged from 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.4 Capital management policies and objectives (Continued)

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by equity attributable to owners of the parent plus net debt. The Group and the Company include within net debt, trade and other payables, lease liabilities and bank borrowings less cash and bank balances. Equity attributable to owners of the parent consists of share capital, foreign currency translation account, other reserves and retained earnings.

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Trade and other payables	**153,473**	130,449	**5,198**	5,652
Lease liabilities	**2,000**	3,012	**82**	189
Bank borrowings	**1,417**	2,000	**-**	-
Less: Cash and bank balances	**(69,542)**	(74,414)	**(14,349)**	(10,381)
Net debt	**87,348**	61,047	**(9,069)**	(4,540)
Equity attributable to owners of the parent	**137,096**	130,200	**51,584**	47,207
Total capital	**224,444**	191,247	**42,515**	42,667
Gearing ratio (%)	**39**	32	**N/M**	N/M

*N/M: Not meaningful

The Group and the Company are in compliance with all borrowing covenants, including consolidated net worth, current assets to current liabilities ratio and debt service cover, imposed by the financial institutions for the financial years ended 31 December 2022 and 2021.

As disclosed in Note 22 to the financial statements, certain subsidiaries of the Group are required by the People's Republic of China and Civil and Commercial Code of Thailand to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant authorities. The Group is in compliance with all statutory reserve fund capital requirement for the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.5 Fair value of financial assets and financial liabilities

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of non-current trade receivables, non-current trade payables and bank borrowings are disclosed in the respective notes to the financial statements.

Financial instruments by category

	Group		Company	
	2022	2021	**2022**	2021
	$'000	$'000	**$'000**	$'000
Financial assets				
Fair value through other comprehensive income				
Financial asset, at FVOCI	**179**	373	**-**	-
Fair value through profit or loss				
Financial asset, at FVPL	**4,749**	4,628	**4,749**	4,628
Amortised cost				
Trade and other receivables [1]	**158,514**	142,106	**33,538**	33,194
Fixed deposits	**36,805**	4,572	**13,245**	-
Cash and bank balances	**32,737**	69,842	**1,104**	10,381
	228,056	216,520	**47,887**	43,575
Financial liabilities				
Amortised cost				
Trade and other payables [2]	**152,150**	128,681	**5,131**	5,601
Bank borrowings	**1,417**	2,000	**-**	-
Lease liabilities	**2,000**	3,012	**82**	189
	155,567	133,693	**5,213**	5,790

[1] Excludes value added tax receivables
[2] Excludes value added tax payables

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.5 Fair value of financial assets and financial liabilities (Continued)

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial assets and other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- 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); and

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. Financial instruments, financial risks and capital management (Continued)

34.5 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2022				
Financial assets				
Financial asset, at FVOCI	**179**	**-**	**-**	**179**
Financial asset, at FVPL	**-**	**-**	**4,749**	**4,749**
2021				
Financial assets				
Financial asset, at FVOCI	373	-	-	373
Financial asset, at FVPL	-	-	4,628	4,628
Company				
2022				
Financial assets				
Financial asset, at FVPL	**-**	**-**	**4,749**	**4,749**
2021				
Financial assets				
Financial asset, at FVPL	-	-	4,628	4,628

There were no transfers between Levels 1 and 2 during the financial year.

The financial instruments included in Level 1 are traded in active markets and their fair values are based on quoted market prices at the reporting date.

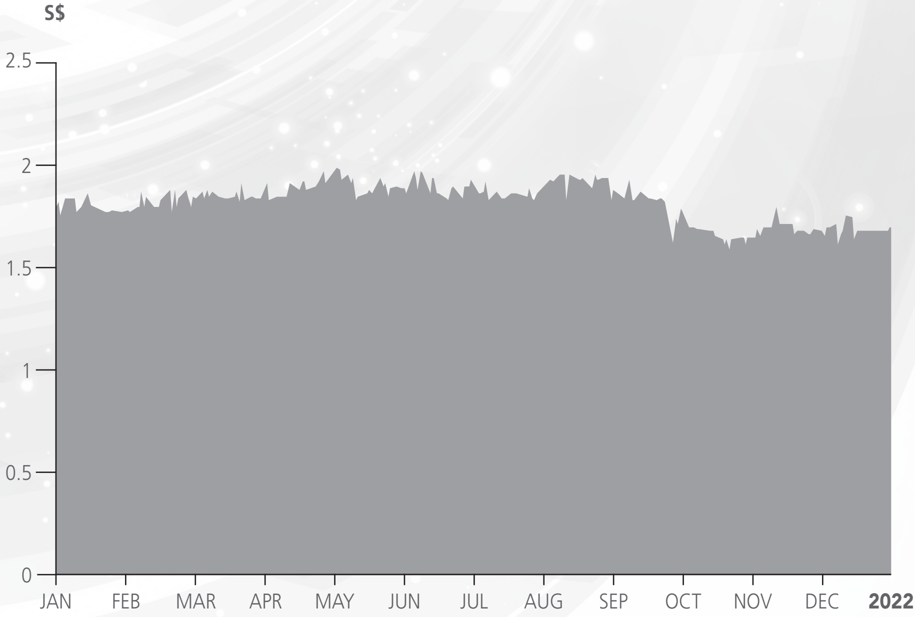
The fair value measurements categorised within Level 3 for financial asset, at FVPL includes unobservable inputs that are not developed by the Group and the Company.

The fair value of the financial asset, at FVPL is based on the cash value provided by the insurer without adjustment.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Share Price Chart



	In 2022			
	Highest	**Lowest**	**Average**	**As at 13 March 2023**
Share Price (S$)	1.990	1.590	1.822	1.780
Share Volume	116,300	100	9,698	31,100

STATISTICS OF SHAREHOLDERS

AS AT 13 MARCH 2023

ANALYSIS OF SHAREHOLDINGS AS AT 13 MARCH 2023

Total number of issued shares excluding treasury shares and subsidiary holdings	-	90,095,268
Number of treasury shares held	-	NIL
Number of subsidiary holdings held	-	NIL
Class of Shares	-	Ordinary shares
Voting Rights	-	One Vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 – 99	162	3.52	8,871	0.01
100 - 1,000	3,294	71.65	1,517,694	1.69
1,001 – 10,000	928	20.19	3,020,015	3.35
10,001 – 1,000,000	209	4.55	10,768,376	11.95
1,000,001 and above	4	0.09	74,780,312	83.00
TOTAL	**4,597**	**100.00**	**90,095,268**	**100.00**

LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 13 MARCH 2023

(as shown in the Register of Members)

No.	Name of Shareholder	No. of Shares	% of Shareholdings
1	FOO SUAN SAI	37,016,525	41.09
2	HAN JUAT HOON	25,112,625	27.87
3	CITIBANK NOMINEES SINGAPORE PTE LTD	11,080,150	12.30
4	DBS NOMINEES PTE LTD	1,571,012	1.74
5	UNITED OVERSEAS BANK NOMINEES PTE LTD	595,750	0.66
6	MOH TSER LOONG ALVIN	501,000	0.56
7	MAYBANK SECURITIES PTE LTD	368,625	0.41
8	IAN HAROLD HOLLAND	310,000	0.34
9	ABN AMRO CLEARING BANK N.V.	307,500	0.34
10	HSBC (SINGAPORE) NOMINEES PTE LTD	295,500	0.33
11	PHILLIP SECURITIES PTE LTD	293,874	0.33
12	CHONG SIEW LEE MICHELE (ZHANG SHULI MICHELE)	268,400	0.30
13	OCBC NOMINEES SINGAPORE PTE LTD	233,650	0.26
14	IFAST FINANCIAL PTE LTD	207,325	0.23
15	RAFFLES NOMINEES (PTE) LIMITED	195,800	0.22
16	NEO THUA TEE	191,950	0.21
17	FOO CHIK HEE @ FOO CHIK ENG	189,500	0.21
18	QUEK KOK KWANG (GUO GUOGUANG)	188,000	0.21
19	TAN KOK CHING	181,200	0.20
20	DBS VICKERS SECURITIES (S) PTE LTD	164,875	0.18
	TOTAL	**79,273,261**	**87.99**

SUBSTANTIAL SHAREHOLDERS

AS AT 13 MARCH 2023

(as shown in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
No.	**Name of Shareholder**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Foo Suan Sai[1]	37,016,525	41.086	25,345,125	28.131
2.	Han Juat Hoon[1]	25,345,125[2]	28.131	37,016,525	41.086
3.	Yaowalak Phoowarachai	10,668,000[3]	11.841	-	-

Notes :

(1) Mr Foo Suan Sai and Mdm Han Juat Hoon are husband and wife and they are each deemed to be interested in the shares held by the other.

(2) Mdm Han Juat Hoon has direct interest in the 232,500 ordinary shares registered in the name of United Overseas Bank Nominees Pte Ltd.

(3) Mdm Yaowalak Phoowarachai has direct interest in the 10,668,000 ordinary shares registered in the name of Citibank Nominees Singapore Pte Ltd.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

As at 13 March 2023, based on the registers of shareholders and to the best knowledge of the Company, the percentage of shareholding held in the hands of the public is 18.34%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on Friday, 21 April 2023 at 11.30 a.m. for the purpose of transacting the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Directors' Statement and the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Madam Han Juat Hoon who is retiring by rotation pursuant to Regulation 106 of the Constitution of the Company. (See Explanatory Note 1) **(Resolution 2)**

3. To re-elect Mr Wong Meng Yeng who is retiring by rotation pursuant to Regulation 106 of the Constitution of the Company. (See Explanatory Note 1) **(Resolution 3)**

   Mr Wong Meng Yeng will, upon re-election as a Director of the Company, remain as Chairman of Nominating Committee, a member of the Audit and Risk Management Committee and Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

4. To re-elect Mr Lim Keng Jin who is retiring by rotation pursuant to Regulation 106 of the Constitution of the Company. (See Explanatory Note 1) **(Resolution 4)**

   Mr Lim Keng Jin will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee, and a member of the Audit and Risk Management Committee and Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

5. To approve a final tax exempt (one-tier) dividend of SGD0.111 per ordinary share for the financial year ended 31 December 2022. **(Resolution 5)**

6. To approve the payment of Directors' fees of SGD 241,243.75 for the financial year ended 31 December 2022. **(Resolution 6)**

7. To re-appoint Messrs BDO LLP as Auditor of the Company and to authorise the Directors to fix their remuneration **(Resolution 7)**

8. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications:

9. Authority to issue shares **(Resolution 8)**

"That, pursuant to Section 161 of the Companies Act 1967 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) issue shares in the capital of the Company ("shares") 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 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 fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below).

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation 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, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding 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 Manual 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

(unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 2)

BY ORDER OF THE BOARD
Chan Lai Yin
Company Secretary
Singapore, 6 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Businesses to be Transacted

1. The detailed information of Madam Han Juat Hoon, Mr Wong Meng Yeng and Mr Lim Keng Jin can be found under Directors' Profile section of the Company's Annual Report and disclosure of information on Directors seeking re-election.

2. The Ordinary Resolution no. 8 proposed in item 9 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

1. The Annual General Meeting of the Company ("AGM") is being convened, and will be held, physically. This Notice and the 2022 Annual Report will be sent to members by electronic means via publication on the Company's website at the URL www.multichem.com.sg and made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Please complete the Request Form attached and return by post or by email to salesmultichem@multichem.com.sg no later than 12 April 2023 to receive the Annual Report in time for the upcoming AGM. A printed copy of the Annual Report will be mailed to you within 5 working days upon receiving your request.

2. Members (including investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors") may participate in the AGM by:

   (a) Attending the AGM in person;
   (b) Asking questions at the AGM or submitting questions in advance of the AGM; and/or
   (c) Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).

3. In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask questions relating to the items on the agenda of the AGM by:

   (a) Submitting question via mail to the registered office of the Company at 18 Boon Lay Way #05- 113, Tradehub 21, Singapore 609966, or send electronic mail to finance@multichem.com.sg in advance of the AGM latest by 13 April 2023 at 11.30 a.m.; or
   (b) "live Question and Answer" at the physical AGM.

   When sending questions, members should also provide their full name (for individuals)/company name (for corporate), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held for verification.

   Shareholders are encouraged to submit their questions latest by 13 April 2023 at 11.30 a.m. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by 15 April 2023 (at least 72 hours prior to the closing date and time for the lodgment of the proxy forms). The Company's response will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

4. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

5. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

6. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

7. The instrument appointing a proxy must be deposited:

   (a) at the registered office of the Company at 18 Boon Lay Way #05- 113, Tradehub 21, Singapore 609966; or

   (b) be sent via electronic mail to finance@multichem.com.sg enclosing signed PDF copy of the Proxy Form;

   not less than seventy-two (72) hours before the time set for the AGM.

8. CPF and SRS Investors who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 11.30 a.m. on 12 April 2023). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.

9. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 11.30 a.m. on 18 April 2023), as certified by The Central Depository (Pte) Limited to the Company.

10. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

* A Relevant Intermediary is:

(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;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and 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.

NOTICE OF ANNUAL GENERAL MEETING

RECORD DATE

Subject to members' approval to the proposed final dividend at the forthcoming Annual General Meeting, the Share Transfer Books and Register of Members of the Company will be closed on 17 May 2023 for preparation of dividend warrants to a final tax exempt (one-tier) dividend of 11.10 cents per Ordinary Share for the financial year ended 31 December 2022 (the "Proposed Final Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 by 5.00 p.m. on 16 May 2023 ("Record Date") will be registered to determine Members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on the Record Date will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved at the forthcoming Annual General Meeting, will be paid on 26 May 2023.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The following directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 21 April 2023 (“**AGM**”) (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”):

1. Mdm Han Juat Hoon;
2. Mr Wong Meng Yeng; and
3. Mr Lim Keng Jin.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

MDM HAN JUAT HOON	
Date of Appointment	16 May 1987
Date of last re-election	29 April 2021
Age	66
Country of principal residence	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mdm Han Juat Hoon for re-election as Executive Director of the Company. The Board have reviewed and concluded that Mdm Han Juat Hoon possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mdm Han Juat Hoon is responsible for the overall operations of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Operating Officer
Professional qualifications	Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.
Working experience and occupation(s) during the past 10 years	Executive Director since 1987.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 25,345,125 ordinary shares Deemed interest: 37,016,525 ordinary shares

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MDM HAN JUAT HOON	
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	Mdm Han Juat Hoon is the wife of Mr Foo Suan Sai, Executive Director and Chief Executive Officer of the Company and mother of Mr Foo Fang Yong, Executive Director of the Company.
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	 None Multi-Chem Group of Companies

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

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
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?	No
c) Whether there is any unsatisfied judgment against him?	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
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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MDM HAN JUAT HOON	
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
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
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
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
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 ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or 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 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
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
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of a listed company? 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 OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR WONG MENG YENG	
Date of Appointment	5 January 2000
Date of last re-election	29 April 2021
Age	65
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Wong Meng Yeng for re-election as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Wong Meng Yeng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of the Nominating Committee, member of the Audit and Risk Management Committee and Remuneration Committee.
Professional qualifications	Bachelor of Law (Hons) degree from the National University of Singapore
Working experience and occupation(s) during the past 10 years	Director of Alliance LLC
Shareholding interest in the listed issuer and its subsidiaries	Direct interest : 8,500 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR WONG MENG YENG

Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	Keong Hong Holdings Limited (Retired on 21 January 2020)
Present	Baker Technology Limited

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

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
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?	No
c) Whether there is any unsatisfied judgment against him?	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
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
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR WONG MENG YENG	
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
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
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 ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or 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 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
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
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of a listed company? 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 OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR LIM KENG JIN	
Date of Appointment	29 April 2005
Date of last re-election	29 April 2021
Age	88
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lim Keng Jin for re-election as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Mr Lim Keng Jin possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of the Board and Remuneration Committee and member of the Audit and Risk Management Committee and Nominating Committee.
Professional qualifications	Fellow member of the Institute of Chartered Accountants of England and Wales.
Working experience and occupation(s) during the past 10 years	Dealer Representative of CGS-CIMB Securities (Singapore) Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR LIM KENG JIN		
Other Principal Commitments* Including Directorships#		
Past (for the last 5 years)	None	
Present	None	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
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
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?		No
c) Whether there is any unsatisfied judgment against him?		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
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
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?		No
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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

MR LIM KENG JIN	
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
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
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 ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or 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 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
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
Disclosure applicable to the appointment of Director only	
Any prior experience as a director of a listed company? 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

MULTI-CHEM LIMITED
(Company Registration No.: 198500318Z)
(Incorporated in Singapore)

PROXY FORM

IMPORTANT:
1. CPF and SRS investors who wish to vote, should approach their SRS Operators to submit their votes by 11.30 a.m. on 12 April 2023.
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. 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 6 April 2023.

*I/We____________________________________ (Name)__________________ (NRIC/Passport No.)

of ____ (Address)

being *a member/members of Multi-Chem Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

Or failing him/her, the Chairman of the Annual General Meeting ("AGM") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the AGM to be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on Friday, 21 April 2023 at 11.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

No.	Ordinary Resolutions	No. of Votes For**	No. of Votes Against**	No. of Votes Abstain**
1.	To receive and adopt the Audited Financial Statements together with the Directors' Statement and Auditor's Report for the financial year ended 31 December 2022.			
2.	To re-elect Mdm Han Juat Hoon as Director.			
3.	To re-elect Mr Wong Meng Yeng as Director.			
4.	To re-elect Mr Lim Keng Jin as Director.			
5.	To approve a final tax exempt (one-tier) dividend.			
6.	To approve the payment of Directors' fees.			
7.	To re-appoint Messrs BDO LLP as Auditor and to authorise the Directors to fix their remuneration.			
8.	To authorise Directors to issue shares.			

Notes:

* Delete accordingly

** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate "X" or "√" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you indicate "X" or "√" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.

Dated this ____________ day of ______________________ 2023

Total Number of Shares Held

____

Signature(s) of Member(s)/Common Seal

IMPORTANT. Please read notes overleaf

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. The instrument appointing proxy must be signed and deposited at the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966 or send electronic mail to finance@multichem.com.sg not later than seventy-two (72) hours before the time set for the Meeting.

3. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

4. The Chairman of the meeting, as proxy, need not be a member of the Company. A member may appoint the Chairman of the meeting as his/her/its proxy. If a member wishes to appoint the Chairman of the meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

5. A member who is a Relevant Intermediary* entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

6. Investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors") who wishes to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 11.30 a.m. on 12 April 2023). CPF and SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of proxy/proxies for the AGM.

7. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 11.30 a.m. on 18 April 2023), as certified by The Central Depository (Pte) Limited to the Company.

8. The instrument appointing a proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

9. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy and deposited at the registered office of the Company at 18 Boon Lay Way #05-113, Tradehub 21, Singapore 609966 or send electronic mail to finance@multichem.com.sg not later than seventy-two (72) hours before the time set for the Meeting, failing which the instrument may be treated as invalid.

10. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act 1967 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

11. The Company shall be entitled to reject an instrument appointing a proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy.

    * A Relevant Intermediary is:

    (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;

    (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and 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.

FOLD ALONG THIS LINE

AFFIX
STAMP

The Company Secretary
MULTI-CHEM LIMITED
18 Boon Lay Way #05-113
Tradehub 21
Singapore 609966

FOLD ALONG THIS LINE

MultiChem
The Hole Solution Provider

M.TECH
Your Preferred i-Security Partner

Multi-Chem Limited
Company's Registration No. 198500318Z

18 Boon Lay Way
#05-113, Tradehub 21
Singapore 609966

Tel : (65) 6863 1318
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