



## LMS Compliance Ltd.

(Company Registration No.: 202225544C)  
(Incorporated in the Republic of Singapore on 22 July 2022)



### Placement in respect of 14,000,000 Placement Shares at S\$0.26 each by way of placement, payable in full on application.

#### OFFER DOCUMENT DATED 22 NOVEMBER 2022

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 22 November 2022)

**This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s). You are responsible for your own investment choices.**

ZICO Capital Pte. Ltd. ("ZICO Capital" or the "Sponsor and Issue Manager") has made an application to the SGX-ST for permission to deal in, and for the listing and quotation of, all the ordinary shares (the "Shares") in the capital of LMS Compliance Ltd. (the "Company") already issued, the new Shares (the "Placement Shares") which are the subject of this Placement, the new Shares to be allotted and issued to ZICO Capital by our Company as part satisfaction of ZICO Capital's management fee as the Sponsor and Issue Manager (the "ZC Shares"), the new Shares which may be issued from time to time under the LMS Performance Share Plan (the "Award Shares") and the new Shares which may be issued from time to time under the LMS Employee Share Option Scheme (the "Option Shares") on Catalist. Acceptance of applications for the Placement Shares will be conditional upon, *inter alia*, the issue of the Placement Shares and permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Sponsor and Issue Manager, and the Placement Agent. The dealing in, and quotation of, our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

**This Placement is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.**

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has, in any way, considered the merits of our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares or the Option Shares.

The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority does not imply that the Securities and Futures Act 2001 of Singapore, or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

**Investing in our Shares involves risks which are described in the section entitled "RISK FACTORS" of this Offer Document.**

#### Sponsor and Issue Manager



#### ZICO Capital Pte. Ltd.

(Company Registration No.: 201613589E)  
(Incorporated in the Republic of Singapore)

#### Placement Agent



#### CGS-CIMB Securities (Singapore) Pte. Ltd.

(Company Registration No.: 198701621D)  
(Incorporated in the Republic of Singapore)

## ABOUT LMS COMPLIANCE LTD.

Our Group offers quality testing and certification services for its customers across a gamut of industries, ranging from food and healthcare to industrial and greentech. Our Group has been in the testing and/or certification business for over fifteen (15) years, and our laboratory testing adheres to both local and international standard methods.

## 4 BUSINESS SEGMENTS



### TESTING & ASSESSMENT

ISO/IEC 17025 accredited laboratories providing laboratory testing and assessment services to assist customers to achieve compliance with industry standards and ensure consumer products' safety



**95.8%**  
FY2021 Revenue

### CERTIFICATION

ISO/IEC 17021 accredited certification body providing audit and management system certification services such as ISO9001-2015, ISO22000-2018, ISO45001-2018 and MS1480-2019



**1.0%**  
FY2021 Revenue

### TRADING

Trades and distributes chemicals, testing equipment, laboratory consumable items, and other products



**3.2%**  
FY2021 Revenue

### DISTRIBUTION OF CONFORMITY ASSESSMENT TECHNOLOGY

Markets and distributes the Group's online cloud-based applications which are developed in-house



## TESTING AND ASSESSMENT SERVICES

We have the capability to conduct over 1,100 accredited tests and over 10,200 non-accredited tests, as of 16 September 2022, for clients in a multitude of sectors:



1. Food
2. Feed
3. Fertiliser
4. Pharmaceutical
5. Medical Devices
6. Healthcare
7. Industrial
8. Greentech

Sales office

Accredited laboratories

Our testing services allow businesses, their customers, regulators and other stakeholders to assess the quality and safety of products or materials, validate if the manufacturing process is achieving intended outcomes, as well as check for compliance with the applicable standards and regulations.

## TESTING AND ASSESSMENT SERVICES

### Environment



### Food and Product Safety and Quality

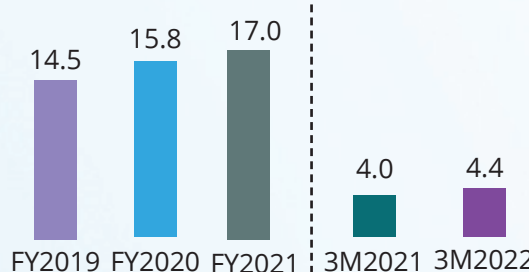


### Industry Compliance

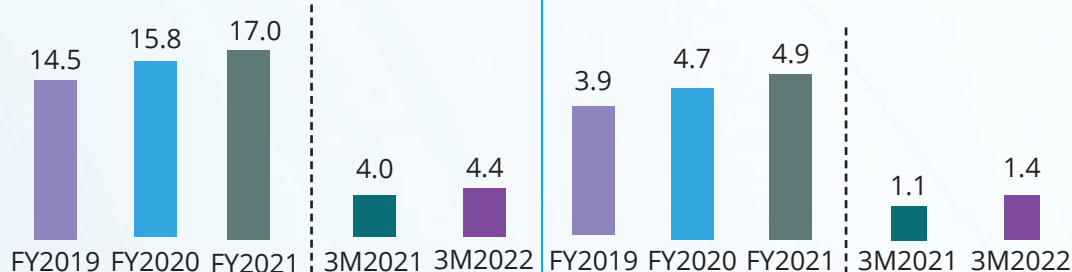


## FINANCIAL HIGHLIGHTS

### Revenue (RM million)



### Net Profit (RM million)



### FY2019-3M2022 Sales



■ Testing and assessment services, 96-98%  
■ Others

## COMPETITIVE STRENGTHS

### ESTABLISHED TRACK RECORD AND STRONG MARKET REPUTATION

- More than 15 years' experience in laboratory testing and/or certification services.
- More than 80% of our revenue from our testing and assessment segment was derived from repeat customers from FY2019 to FY2021.
- Won the Enterprise 50 (Top 10) Award – in 2013, 2016 & 2019; SME100 2022 Fast Moving Companies Award; Golden Bull Award 2022 – Outstanding SME Award.

### DIVERSE RANGE OF SERVICES AND LOCATIONS CATER TO THE WIDE-RANGING NEEDS OF OUR CUSTOMERS

- We have diversified into providing certification services, as well as the trading of laboratory equipment and chemicals, allowing us to expand its client base.

### CONSTANT INNOVATION AND DIGITALISATION OF OUR WORK PROCESSES AND SYSTEMS

- We have invested in the development of our proprietary laboratory information management system, aikinz-LIMS, which allows us to improve information security, simplify workflows, increase accuracy and boost turnaround time.
- In 2020, we began licensing aikinz-LIMS to third-party laboratories and also launched our cloud-based automated workflow ISO certification platform, aizenz, which seeks to streamline ISO certification processes and improve audit readiness for such certification processes.

### EXPERIENCED MANAGEMENT TEAM

- Our CEO, Dr. Ooi, and our Chief Development Officer, Ms. Chong, have over 13 years and 22 years of experience respectively in the testing and/or certification industry.
- Our chairman of the Board, Datuk Fadilah Binti Baharin, served as Director-General of the Department of Standards Malaysia from 2006 to 2020 and was a member of the ISO Council from 2017 to 2019.

### STRONG TECHNICAL EXPERTISE GIVES US A MARKET ADVANTAGE

- Our laboratories are accredited as ISO/IEC 17025:2017 by the Department of Standards Malaysia and recognised by the International Laboratory Accreditation Cooperation.

## PROPOSED DIVIDENDS

While our Company does not have a fixed dividend policy, our Directors intend to recommend and distribute dividends of a minimum of 20.0 per cent of our profit attributable to owners of the Company in respect of FY2022, FY2023 and FY2024.

## OUR PROSPECTS

### MALAYSIA'S INTENTION TO EXPAND ITS EXPORT MARKETS

Our Group believes that the expected increase in economic and export activity will drive the growth in the testing, inspection and certification ("TIC") market and demand for services from TIC providers in Malaysia, as companies will need to ensure that their products meet the requirements, standards and regulations of their export markets.

### MALAYSIA'S PUSH TO BOOST PRODUCTIVITY GROWTH AND DIGITALISATION

We believe that the increased emphasis on digitalisation and increasing productivity will drive the demand for our aikinz-LIMS and aizenz applications, as our applications enable companies to streamline their operations and workflows.

### INCREASE IN STANDARDS AND REGULATIONS

We believe there will be a rise in demand for TIC services from an increase in alignment to international standards.

### GROWTH IN THE ASIA-PACIFIC TIC MARKET

Our Group believes that the growth of the Asia-Pacific TIC market would provide opportunities for us to build our business as we execute our plan to grow via acquisitions, investments, joint ventures and strategic alliances in the region.

## BUSINESS STRATEGIES AND FUTURE PLANS

### EXPANDING THE SCALE OF OUR TESTING AND ASSESSMENT SERVICES

- Increase the range of our accredited and non-accredited tests in our existing industry sectors and expand into new industry sectors.
- Set up new laboratories in other states of Malaysia where we do not have a footprint in.

### BOOSTING OUR CERTIFICATION SERVICES SEGMENT AND CONFORMITY ASSESSMENT TECHNOLOGY DISTRIBUTION SEGMENT

- Expand the scope of our certification services to new industry sectors.
- Enhance the features and capabilities of our digital laboratory solutions to analyse customer behaviour patterns to assist in decision-making.
- Increase our efforts in marketing and promotion of these digital laboratory solutions, via various communication strategies and leverage on our existing customer base to cross-sell our digital laboratory solutions.

### GROWING THROUGH ACQUISITIONS, JOINT VENTURES AND STRATEGIC ALLIANCES

- Expand through acquisitions, investments, joint ventures and strategic alliances to enable us to strengthen our market position and/or expand into new areas and geographies that are complementary to our existing business.

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## CORPORATE INFORMATION

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<b>BOARD OF DIRECTORS</b>	: Fadilah Binti Baharin (Independent Chairman) Ong Beng Chye (Independent Director) Wee Hoe Soon @ Gooi Hoe Soon (Independent Director) Chong Juin Kuan (Non-Executive Non-Independent Director) Wong Wan Chin (Independent Director) Ooi Shu Geok (Executive Director and Chief Executive Officer) Chong Moi Me (Executive Director and Chief Development Officer)
<b>COMPANY SECRETARY</b>	: Chua Kern, LLB (Hons)
<b>REGISTERED OFFICE</b>	: 138 Robinson Road #26-03 Singapore 068906
<b>PRINCIPAL PLACE OF BUSINESS</b>	: 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang, Malaysia
<b>SHARE REGISTRAR</b>	: <b>B.A.C.S. Private Limited</b> 77 Robinson Road #06-03, Robinson 77 Singapore 068896
<b>SPONSOR AND ISSUE MANAGER</b>	: <b>ZICO Capital Pte. Ltd.</b> 77 Robinson Road #06-03, Robinson 77 Singapore 068896
<b>PLACEMENT AGENT</b>	: <b>CGS-CIMB Securities (Singapore) Pte. Ltd.</b> 10 Marina Boulevard #10-01 Marina Bay Financial Centre Tower 2 Singapore 018983
<b>INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT</b>	: <b>BDO LLP, Singapore</b> 600 North Bridge Road #23-01 Parkview Square Singapore 188778  Partner-in-charge: Yeo Siok Yong (a member of the Institute of Singapore Chartered Accountants)
<b>SOLICITORS TO THE PLACEMENT AND LEGAL ADVISERS TO OUR COMPANY ON SINGAPORE LAW</b>	: <b>Dentons Rodyk &amp; Davidson LLP</b> 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
<b>SOLICITORS TO THE PLACEMENT AGENT</b>	: <b>Chancery Law Corporation</b> 138 Robinson Road #26-03 Singapore 068906
<b>LEGAL ADVISERS TO OUR COMPANY ON MALAYSIAN LAW</b>	: <b>Chooi &amp; Company + Cheang &amp; Ariff</b> Level 5, Menara BRDB 285, Jalan Maarof, Bukit Bandaraya 59000 Kuala Lumpur, Malaysia

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## CORPORATE INFORMATION

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**PRINCIPAL BANKER**

**:** **Alliance Islamic Bank Berhad**  
3195, Ground Floor  
Maju Utama Business Centre  
Jalan Maju, 14000 Bukit Mertajam  
Pulau Pinang, Malaysia

**RECEIVING BANKER**

**:** **Oversea-Chinese Banking Corporation Limited**  
63 Chulia Street  
#06-00 OCBC Centre East  
Singapore 049514



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## DEFINITIONS

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In this Offer Document and the accompanying Application Form, the following definitions apply where the context so admits:

### Group Companies

- “Company”* : LMS Compliance Ltd.. The terms “we”, “our”, “our Company” or “us” have correlative meanings
- “Group”* : Our Company and our subsidiaries as at the date of this Offer Document

### Subsidiaries

- “Empiric Science”* : Empiric Science Sdn. Bhd.
- “LMS Compliance International”* : LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.)
- “MY CO2”* : MY CO2 Sdn. Bhd.
- “MY CO2 GSB”* : MY CO2 Group Sdn. Bhd.
- “MY CO2 (Certification MY)”* : MY CO2 Certification Sdn. Bhd.
- “MY CO2 (JB)”* : MY CO2 (JB) Sdn. Bhd.
- “MY CO2 (KL)”* : MY CO2 (KL) Sdn. Bhd.
- “MY CO2 (PG)”* : MY CO2 (PG) Sdn. Bhd.

### Other Corporations and Agencies

- “ACRA”* : The Accounting and Corporate Regulatory Authority of Singapore
- “Authority”* : The Monetary Authority of Singapore
- “CDP”* : The Central Depository (Pte) Limited
- “CPF”* : The Central Provident Fund
- “Independent Auditor and Reporting Accountant”* : BDO LLP, Singapore
- “Placement Agent” or “CGS-CIMB”* : CGS-CIMB Securities (Singapore) Pte. Ltd.
- “SGX-ST”* : Singapore Exchange Securities Trading Limited
- “Share Registrar”* : B.A.C.S. Private Limited
- “Sponsor and Issue Manager”, “Sponsor”, “Issue Manager” or “ZICO Capital”* : ZICO Capital Pte. Ltd.

### General

- “Application Form”* : The printed application form to be used for the purpose of the Placement and which forms part of this Offer Document

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## DEFINITIONS

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<i>“Application List”</i>	:	The list of applications for the subscription of the Placement Shares
<i>“Asia-Pacific”</i>	:	A business region consisting of the whole of Asia as well as the countries of the Pacific Rim
<i>“Associate”</i>	:	(a) In relation to any director, CEO, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and</li></ul> (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Award”</i>	:	An award of Shares granted pursuant to the LMS Performance Share Plan
<i>“Award Shares”</i>	:	The Shares which may be allotted and issued and/or transferred from time to time pursuant to the vesting of the Awards granted under the LMS Performance Share Plan
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“business trust”</i>	:	Has the same meaning as in Section 2 of the Business Trusts Act 2004 of Singapore
<i>“Catalist”</i>	:	The Catalist Board of the SGX-ST
<i>“Catalist Rules”</i>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<i>“CEO”</i>	:	Chief Executive Officer
<i>“Companies Act” or “Act”</i>	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
<i>“Constitution”</i>	:	The constitution of our Company, as amended or modified from time to time

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## DEFINITIONS

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<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules:  (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in our Company (unless otherwise determined by the SGX-ST); or  (b) a person who in fact exercises control over our Company
<i>“COVID-19”</i>	:	Coronavirus Disease 2019
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
<i>“FY”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“GST”</i>	:	Goods and services tax
<i>“Independent Directors”</i>	:	The non-executive independent directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Latest Practicable Date”</i>	:	16 September 2022, being the latest practicable date prior to the lodgment of this Offer Document with the SGX-ST acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“LMS Employee Share Option Scheme”</i>	:	The employee share option scheme of our Company known as the “LMS Employee Share Option Scheme”, which was approved by our Shareholders on 15 November 2022, the details of which are set out in the sections entitled “LMS Employee Share Option Scheme” and “Appendix G – Rules of the LMS Employee Share Option Scheme” of this Offer Document
<i>“LMS Performance Share Plan”</i>	:	The performance share plan of our Company known as the “LMS Performance Share Plan”, which was approved by our Shareholders on 15 November 2022, the details of which are set out in the sections entitled “LMS Performance Share Plan” and “Appendix F – Rules of the LMS Performance Share Plan” of this Offer Document
<i>“Malaysia”</i>	:	The Federation of Malaysia
<i>“Malaysia Subsidiaries”</i>	:	MY CO2, MY CO2 (Certification MY), MY CO2 (JB), MY CO2 (KL), MY CO2 (PG) and Empiric Science

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## DEFINITIONS

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<i>“Management and Sponsorship Agreement”</i>	:	The management and sponsorship agreement dated 22 November 2022 entered into between our Company and ZICO Capital in connection with the Placement and the Listing, the details of which are set out in the section entitled “Plan of Distribution – Sponsorship, Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	This offer document dated 22 November 2022 issued by our Company in respect of the Placement
<i>“Option Shares”</i>	:	The Shares which may be allotted and issued and/or transferred upon the exercise of the Options granted pursuant to the LMS Employee Share Option Scheme
<i>“Options”</i>	:	The options which may be granted pursuant to the LMS Employee Share Option Scheme
<i>“Pacific Rim”</i>	:	A region comprised of countries that border the Pacific Ocean. Pacific Rim countries include Australia, Cambodia, China, Hong Kong, Indonesia, Laos, Malaysia, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period which comprises FY2019, FY2020 and FY2021 and 3M2022
<i>“PDPA”</i>	:	The Personal Data Protection Act 2012 of Singapore
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription of the Placement Shares at the Placement Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Agreement”</i>	:	The placement agreement dated 22 November 2022 entered into between our Company and the Placement Agent, the details of which are set out in the section entitled “Plan of Distribution – Sponsorship, Management and Placement Arrangements” of this Offer Document
<i>“Placement Price”</i>	:	S\$0.26 for each Placement Share
<i>“Placement Shares”</i>	:	The 14,000,000 new Shares for which our Company invites applications to subscribe for pursuant to the Placement, subject to and on the terms and conditions set out in this Offer Document
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated

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## DEFINITIONS

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<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Placement, as described in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and Dr. Ooi and Ms. Chong, as described in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document
<i>“Securities and Futures Regulations”</i>	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, modified or supplemented from time to time
<i>“SFA”</i>	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
<i>“SFRS(I)”</i>	:	The Singapore Financial Reporting Standards (International)
<i>“SGXNET”</i>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<i>“Share Split”</i>	:	The share split of 51,385 Shares in the issued and paid-up capital of our Company into 72,560,000 Shares
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company
<i>“Singapore”</i>	:	The Republic of Singapore
<i>“Singapore Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers
<i>“Substantial Shareholder”</i>	:	A person who has an interest in our Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in our Company
<i>“ZC Shares:</i>	:	The 875,000 new Shares (after the Share Split) to be allotted and issued to ZICO Capital by our Company as part satisfaction of ZICO Capital’s management fee as the Sponsor and Issue Manager
<i>“3M”</i>	:	Three (3)-month financial period ended 31 March
<b>Name used in this Offer Document</b>		<b>Name in National Registration Identity Card / Passport</b>
<i>“Dato (Dr.) Gooi”</i>	:	Wee Hoe Soon @ Gooi Hoe Soon
<i>“Dr. Ooi”</i>	:	Ooi Shu Geok
<i>“Ms. Chong”</i>	:	Chong Moi Me

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## DEFINITIONS

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“*Datuk Fadilah*” : Fadilah Binti Baharin

### Currencies, Units and Others

“*RM*” : Ringgit Malaysia, the official currency of Malaysia

“*S\$*” and “*cents*” : Singapore dollars and cents, respectively, the official currency of Singapore

“%” or “*per cent*” : Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**entity**” shall have the same meaning ascribed to it in Section 2 of the SFA, while the terms “**associated company**”, “**related corporation**”, “**related entity**” and “**subsidiary**” shall have the same meanings ascribed to them respectively in Paragraph 1 of the Fourth Schedule of the Securities and Futures Regulations.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Form to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Catalist Rules, the Securities and Futures Regulations or any statutory modification thereof and used in this Offer Document and the Application Form shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules, the Securities and Futures Regulations or any statutory modification thereof, as the case may be.

Any reference in this Offer Document and the Application Form to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Form shall be a reference to Singapore time, unless otherwise stated.

Any reference to “we”, “us”, “our”, “ourselves” or other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

Any references in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively of this Offer Document.

Any discrepancies in the tables included herein between the total sum of amounts listed and the totals shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.

The information on our website or any website directly or indirectly linking to such websites does not form part of this Offer Document and should not be relied on.

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## GLOSSARY OF TECHNICAL TERMS

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To facilitate a better understanding of our business, the following glossary provides an explanation and description of certain technical terms and abbreviations used in this Offer Document. The terms and abbreviations and their assigned meanings may not correspond to standard industry meanings or common meanings or usage, as the case may be, of these terms.

“ASTM 2100”	:	The Standard Specification For Performance Of Materials Used In Medical Face Masks as published by the American Society of Testing and Materials
“conformity assessment technology”	:	Cloud-based applications such as “aikinz-LIMS” and “aizenz”, and database hosting
“EN 14683:2019”	:	The European Standard of Medical Face Masks – Requirements and Test Methods
“EN 62115:2020”	:	The safety standard for electronic toys published by the European Committee for Standardisation
“EN-71”	:	The set of European product safety standards that applies to all toys sold in the European Union
“GMP”	:	The Good Manufacturing Practices
“HACCP”	:	The Hazard Analysis Critical Control Points
“ISO 8124”	:	The international toy safety standard published by the International Organisation for Standardisation
“ISO 9001”	:	The international standard for quality management systems published by the International Organisation for Standardisation
“ISO/IEC 17021”	:	The international standard that provides certification bodies with a set of requirements that will enable them to ensure that their management system certification process is carried out in a competent, consistent and impartial manner, published by the International Organisation for Standardisation
“ISO/IEC 17025”	:	The international standard specifying general requirements for the competence of testing and calibration laboratories published by the International Organisation for Standardisation. ISO/IEC 17025: 2017 refers to said standard which is effective from 2017
“ISO 14001”	:	The international standard for environmental management systems published by the International Organisation for Standardisation
“ISO 22000”	:	The international standard for food safety management systems published by the International Organisation for Standardisation
“ISO 45001”	:	The international standard for occupational health and safety management systems published by the International Organisation for Standardisation
“MS1480”	:	The food safety standards according to the HACCP system

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers, our employees or authorised persons acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, trend information, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion plans and development plans; and
- (e) other matters discussed in this Offer Document regarding matters that are not historical facts, are only predictions.

These forward-looking statements reflect our current views with respect to future events and are not guarantees of future performance.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) changes in political, social, economic, business and financial conditions and stock or securities market conditions and the regulatory environment in Singapore and other jurisdictions in which we conduct our business or expect to conduct business;
- (b) changes in currency exchange or interest rates;
- (c) our inability to implement our business strategies and future plans;
- (d) our inability to realise our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of our products and services;
- (f) changes in customers' preferences;
- (g) changes in competitive conditions and our ability to compete under these conditions from time to time;
- (h) changes in our future capital needs and the availability of financing and capital to fund these needs;
- (i) the factors described under the section entitled “Risk Factors” of this Offer Document; and
- (j) other factors beyond our control, including but not limited to, prolonged lockdowns and/or travel restrictions imposed by authorities in jurisdictions where we operate or carry out our business due to COVID-19.



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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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The list of important factors is not exhaustive. Additional factors that could cause our actual results, performance or achievements to differ materially from those expected, expressed or implied by the forward-looking statements in this Offer Document include, but are not limited to those discussed in the sections entitled “Risk Factors”, “Dividend Policy”, “General Information on our Group” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document. All forward-looking statements made by or attributable to our Company, the Sponsor and Issue Manager, and the Placement Agent or persons acting on our or their behalf, contained in this Offer Document are expressly qualified in their entirety by such factors.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, we advise you not to place undue reliance on those statements which apply only as at the date of this Offer Document. Neither our Company, the Sponsor and Issue Manager, the Placement Agent nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements.

The sections entitled “General Information on our Group - Prospects” and “General Information on our Group - Trend Information” of this Offer Document as well as other parts of this Offer Document may (to the extent applicable) contain data, information, financial analysis, forecast, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Neither we, the Sponsor and Issue Manager, the Placement Agent, nor person(s) acting on our or their behalf have conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecast, figures and statements, assumptions and projections (the “**Experts’ Data**”). No representation is made by us, the Sponsor and Issue Manager, the Placement Agent or any person(s) acting on our or their behalf in respect of any of the Experts’ Data and neither we, the Sponsor and Issue Manager, the Placement Agent, nor person(s) acting on our or their behalf take any responsibility for any of the Experts’ Data. Where any of the Experts’ Data or any information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors, the Sponsor and Issue Manager, and the Placement Agent, or any person(s) acting on our or their behalf has been to ensure that such Experts’ Data or information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Further, our Company, the Sponsor and Issue Manager, and the Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of (a) a false or misleading statement or matter in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA, the Securities and Futures Regulations or the Catalist Rules; or (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority which would have been required by Section 243 of the SFA, the Securities and Futures Regulations or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged, and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager, and the Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

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## SELLING RESTRICTIONS

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### Singapore

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgment and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws of such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Sponsor and Issue Manager, and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Sponsor and Issue Manager or the Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (i) copied, photocopied or duplicated in any form by any means, or (ii) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

### Malaysia

No approval, authorisation or recognition from the Securities Commission of Malaysia has been applied for or will be obtained for the making available, offering for subscription, or issuing an invitation to subscribe for, the Placement Shares in Malaysia and this Offer Document has not been reviewed and approved by the Securities Commission of Malaysia and will not be registered as a prospectus with the Securities Commission of Malaysia and does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription, invitation to subscribe for any securities requiring the registration of a prospectus with the Securities Commission Malaysia under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**").

Accordingly, this Offer Document or any amendment or supplement to it may not be distributed in Malaysia directly or indirectly for the purpose of making available, offering or subscription, or issuing an invitation to subscribe for, the Placement Shares in Malaysia, nor may the Placement Shares be made available, offered or sold, or made the subject of an invitation for subscription, whether directly or indirectly to anyone in Malaysia, except to a CMSA Qualified Person (as defined below).

Any investment to which this Offer Document relates in Malaysia is available only through a holder of capital markets services licence granted under the CMSA who carries on the business of dealing in securities to the following persons ("**CMSA Qualified Person**"), which includes:

- (a) a closed-end fund approved by the Securities Commission of Malaysia;
- (b) a holder of a capital markets services licence under the CMSA;
- (c) a person who, if they acquire the Placement Shares, does so only pursuant to a private placement, and as principal on terms that the Placement Shares are acquired at a consideration of no less than RM250,000 or its equivalent in foreign currencies for each transaction whether such amount is paid for in cash or otherwise;
- (d) an individual whose total net personal assets, or total net joint assets with his or her spouse, exceeds RM3,000,000 or its equivalent in foreign currencies, excluding the value of the primary residence of the individual;

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## SELLING RESTRICTIONS

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- (e) an individual who has a gross annual income exceeding RM300,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- (f) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000 or its equivalent in foreign currencies per annum in the preceding 12 months;
- (g) a corporation with total net assets exceeding RM10,000,000 or its equivalent in foreign currencies based on the last audited accounts;
- (h) a partnership with total net assets exceeding RM10,000,000 or its equivalent in foreign currencies;
- (i) a bank licensee or insurance licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 of Malaysia;
- (j) an Islamic bank licensee or takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010 of Malaysia; and
- (k) any other person as may be specified by the Securities Commission of Malaysia.

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## DETAILS OF THE PLACEMENT

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The Sponsor and Issue Manager has applied to the SGX-ST for permission to deal in, and for the listing and quotation of, all our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and Option Shares on Catalist. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications for the Placement Shares will be conditional upon, *inter alia*, the issue of the Placement Shares and permission being granted by the SGX-ST to deal in, and for the listing and quotation of, all our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares on Catalist. Monies paid in respect of any application accepted will be returned to the applicant, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Placement does not occur because the said permission is not granted, or if the admission, listing and trading of all our Shares do not proceed for any reason, and the applicant will not have any claims whatsoever against us, the Sponsor and Issue Manager and/or the Placement Agent.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

The Placement is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor and Issue Manager confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares.

A copy of this Offer Document has been lodged with and registered by the SGX-ST acting as agent on behalf of the Authority. Registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority, does not imply that the SFA, the Securities and Futures Regulations, the Catalist Rules, or any other legal or regulatory requirements have been complied with. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Offer Document. Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our subsidiaries, our existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue, or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

We are subject to the provisions of the SFA, the Securities and Futures Regulations and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of:

- (a) a false or misleading statement in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA, the Securities and Futures Regulations or the Catalist Rules; or

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## DETAILS OF THE PLACEMENT

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- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority which would have been required by Section 243 of the SFA, the Securities and Futures Regulations and the Catalist Rules, to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may, in consultation with the Sponsor and Issue Manager, and the Placement Agent, lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA with the SGX-ST, acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgment of such supplementary or replacement offer document.

Where prior to the lodgment of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, our Company shall either:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgment of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
  - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) within seven (7) days from the date of lodgment of the supplementary or replacement offer document, we shall return all moneys the applicants have paid on account of their applications for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk; or
- (b) where the Placement Shares have been issued to the applicants, our Company shall either:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
  - (ii) within seven (7) days from the date of lodgment of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; or
  - (iii) (A) treat the issue of the Placement Shares as void, in which case the issue shall be deemed void; and (B) within seven (7) days from the date of lodgment of the supplementary or replacement offer document, we shall return all moneys paid by the applicants for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk.

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## DETAILS OF THE PLACEMENT

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An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgment of the supplementary or replacement offer document, as the case may be, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, return to him all moneys paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk, and he will not have any claim against us, the Sponsor and Issue Manager and/or the Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgment of the supplementary or replacement offer document, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to us, whereupon we shall, within seven (7) days from the receipt of such notification and documents, if any, pay to him all moneys paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk and the issue of those Placement Shares shall be deemed to be void, and he shall not have any claim against us, the Sponsor and Issue Manager and/or the Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the "**Stop Order**") to our Company, directing that no Shares or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority's opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been allotted and issued to the applicants, the applications for the Placement Shares pursuant to the Placement shall be deemed to have been withdrawn and cancelled and we shall, within 14 days from the date of the Stop Order, return the applicants' all moneys the applicants have paid on account of their applications for the Placement Shares; or
- (b) where the Placement Shares have been allotted and issued to the applicants, the allotment and issue of the Placement Shares pursuant to the Placement shall be deemed to be void and we shall, within 14 days from the date of the Stop Order, return the applicants' all moneys the applicants have paid for the Placement Shares.

Where moneys are to be returned to applicants for the Placement Shares, it shall be paid to the applicants without any interest or share of revenue or benefit arising therefrom at the applicants' own risk, and the applicants will not have any claim against us, the Sponsor and Issue Manager and/or the Placement Agent.

No representation, warranty or covenant, expressed or implied, is made by us, the Sponsor and Issue Manager, the Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us, the Sponsor and Issue Manager, the Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither our Company, the Sponsor and Issue Manager, the Placement Agent, nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal, financial or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser regarding an investment in our Shares. The Placement Shares are offered for subscription solely on the basis of the information contained and the representations made in this Offer Document.

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## DETAILS OF THE PLACEMENT

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No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor and Issue Manager or the Placement Agent. Neither the delivery of this Offer Document and the Application Form nor any document relating to the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will promptly make an announcement of the same to the SGX-ST and if required, a supplementary or replacement offer document will be issued and made available to the public after a copy thereof has been lodged with the SGX-ST acting as agent on behalf of the Authority. All applicants should take note of any such announcement, and/or supplementary or replacement offer document and, upon the release of such an announcement, and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

**This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.**

**Notification under Section 309B of the SFA:** The Shares are prescribed capital market products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Copies of this Offer Document and the Application Form may be obtained on request, subject to availability, during office hours from:

**ZICO Capital Pte. Ltd.**  
77 Robinson Road  
#06-03, Robinson 77  
Singapore 068896

**CGS-CIMB Securities (Singapore) Pte. Ltd.**  
10 Marina Boulevard  
#09-01 Marina Bay Financial Centre Tower 2  
Singapore 018983

An electronic copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

**The Placement will open from 22 November 2022 (immediately upon the registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority) and will remain open until 12.00 noon on 29 November 2022.**

**The Application List will open immediately upon the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 29 November 2022 or for such further period or periods as our Directors may, in consultation with the Sponsor and Issue Manager, and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws and regulations. In the event a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgment of the supplementary or replacement offer document.**

Details of the procedures for applications to subscribe for the Placement Shares are set out in “Appendix H – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

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## INDICATIVE TIMETABLE FOR LISTING

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An indicative timetable for the Placement and trading in our Shares is set out below for your reference:

<b>Indicative Date and Time</b>	<b>Event</b>
22 November 2022 immediately upon registration of this Offer Document	Application List opens
29 November 2022, 12.00 noon	Close of Application List
1 December 2022, 9.00 a.m.	Commence trading on a “ready” basis
5 December 2022	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative and is subject to change at our discretion as it assumes that the date of closing of the Application List is 29 November 2022, the date of admission of our Company to Catalist is 1 December 2022, the SGX-ST’s shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 1 December 2022. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST. All dates and times referred to above are Singapore dates and times.

Please note that the above timetable is indicative only and is subject to change (whether in relation to the Placement Shares or any mode of application thereof) at the discretion of our Company, with the agreement of the Sponsor and Issue Manager, and the Placement Agent. We may, at our discretion, in consultation with the Sponsor and Issue Manager, and the Placement Agent and subject to all laws and regulations and the Catalist Rules, agree to extend or shorten the Placement period, provided that the Placement period may not be less than two (2) Market Days.

The above timetable and procedures may be subject to such modification as the SGX-ST may in its discretion decide, including the decision to permit commencement of trading on a “ready basis” and the commencement date of such trading. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and/or
- (b) in a major English language newspaper(s) in Singapore.

We will provide details of the results of the Placement (including the level of subscription and the basis of allotment of the Placement Shares), as soon as practicable after the closure of the Application List through the channels described in (a) and (b) above.

Our Company reserves the right to reject or accept, in whole or in part, or to scale down any application for the Placement Shares, without assigning any reason, and no enquiry and/or correspondence on the decision of our Company will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

The manner and method of applications and acceptances under the Placement will be determined by our Company, the Sponsor and Issue Manager, and the Placement Agent.

**Investors should consult the SGX-ST announcement of the “ready” trading date on the internet (at the SGX-ST website <http://www.sgx.com>) or newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.**



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## PLAN OF DISTRIBUTION

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The Placement is for 14,000,000 Placement Shares offered in Singapore by way of placement.

Prior to the Placement, there was no public market for our Shares. The Placement Price is determined by us, in consultation with the Sponsor and Issue Manager, and the Placement Agent after taking into consideration, among others, prevailing market conditions and estimated market demand for our Shares (including the Placement Shares) determined through a book-building process. The Placement Price is the same for all the Placement Shares and is payable in full on application.

Investors may apply to subscribe for the Placement Shares in lots of 1,000 Placement Shares or integral multiples thereof subject to a minimum of 1,000 Placement Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Placement Shares to be allotted to any single applicant and allot the Placement Shares above or under such prescribed limit as we shall deem fit.

### PLACEMENT SHARES

The Placement Shares are made available to retail and institutional investors in Singapore. Applications for the Placement Shares may only be made by way of the Application Form or such other forms of application as the Sponsor and Issue Manager, and the Placement Agent deem appropriate. The terms, conditions and procedures for application and acceptance are described in “Appendix H – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

Pursuant to the Placement Agreement, the Placement Agent has agreed to subscribe for, or procure subscribers for, the Placement Shares at the Placement Price. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of Placement Shares may be required to pay a brokerage of up to 1.0% of the Placement Price (and the prevailing GST thereon, if applicable) to the Placement Agent or any sub-placement agent(s) that may be appointed by the Placement Agent.

The Placement Agreement is conditional upon the Management and Sponsorship Agreement not having been terminated pursuant to the provisions of the Management and Sponsorship Agreement. Please refer to the section entitled “Plan of Distribution – Sponsorship, Management and Placement Arrangements” of this Offer Document for further details.

### SUBSCRIPTION FOR PLACEMENT SHARES

To the Company’s knowledge: (a) our Independent Director, Ms. Wong Wan Chin; (b) our Chief People Officer and Dr. Ooi’s sister, Ms. Ooi Wan Koon; (c) the following siblings of our Executive Director Ms. Chong: (i) Chong Choon Kean, (ii) Chong Moi Siew; and (iii) Chong Tze Kean, have informed the Company that they intend to subscribe for the Placement Shares in the Placement. Save for the aforementioned, to the Company’s knowledge, none of our Directors or Substantial Shareholders intends to subscribe for the Placement Shares in the Placement. If such person(s) and/or their respective Associates were to make an application for the Placement Shares and are subsequently allotted such number of Placement Shares, we will make the necessary announcements in accordance with Rule 428 of the Catalist Rules.

To the best of our knowledge and belief, we are not aware of any person who intends to subscribe for Shares amounting to 5.0% or more of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for Shares amounting to 5.0% or more of the Placement Shares. If such person(s) were to make an application for Shares amounting to 5.0% or more of the Placement Shares pursuant to the Placement and are subsequently allotted such number of Shares, we will make the necessary announcements at the appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

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## PLAN OF DISTRIBUTION

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### SPONSORSHIP, MANAGEMENT AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Sponsorship Agreement, our Company appointed ZICO Capital as the Sponsor and Issue Manager to sponsor and manage the Listing. ZICO Capital will receive a management fee from our Company for such services rendered in connection with the Listing.

The obligations of the Sponsor and Issue Manager under the Management and Sponsorship Agreement are conditional, amongst others, on the Placement Agreement not being terminated.

The Sponsor and Issue Manager may by notice in writing to our Company terminate the Management and Sponsorship Agreement on the occurrence of the following events prior to 12.00 noon on the closing date of the Application List:

- (a) at any time up to the close of the Application List, a notice of refusal to an admission of our Company to Catalist is issued by the SGX-ST to the Sponsor and Issue Manager;
- (b) at any time after the lodgment of this Offer Document with the SGX-ST acting as agent on behalf of the Authority but before the close of the Application List, our Company fails and/or neglects to procure the lodgment of a supplementary or replacement offer document (as the case may be) after it becomes aware of:
  - (i) a false or misleading statement in this Offer Document;
  - (ii) an omission from this Offer Document of any information that should have been included in it under the Catalist Rules or the SFA; or
  - (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the Catalist Rules or the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor;

- (c) the Shares and the Placement Shares have not been admitted to Catalist on or before 1 December 2022 (or such other date as our Company, and the Sponsor and Issue Manager may, in consultation, agree);
- (d) at any time our Company releases or discharges the Sponsor and Issue Manager from its obligations under or pursuant to the mandate letter appointing ZICO Capital as the Sponsor and Issue Manager in relation to preparing our Company for admission to Catalist; or
- (e) if there shall have been, since the date of the Management and Sponsorship Agreement and prior to the close of the Application List:
  - (i) any breach of the warranties, representations or undertakings in the Management and Sponsorship Agreement which comes to the knowledge of the Sponsor and Issue Manager or that of any of the warranties, representations or undertakings is untrue or incorrect;
  - (ii) any occurrence of certain specified events which comes to the knowledge of the Sponsor and Issue Manager;
  - (iii) any material adverse change resulting in a material adverse effect on the condition (financial or otherwise), business, management, results of operations, financial position, assets, prospects, earnings, undertakings or operations of our Group taken as a whole, other than arising in the ordinary course of business;

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## PLAN OF DISTRIBUTION

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- (iv) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law) and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST or relevant authorities elsewhere, in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere;
- (v) any change or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange controls in Singapore and overseas or any combination of any such changes or developments or crisis, or any deterioration of any such conditions);
- (vi) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets) in any jurisdiction;
- (vii) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or
- (viii) any other occurrence of any nature whatsoever,

which event or events in the reasonable opinion of the Sponsor and Issue Manager (1) results or is likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas, or (2) is likely to materially prejudice the success of the subscription of the Placement Shares (whether in the primary market or in respect of dealings in the secondary market), or (3) makes it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated under the Management and Sponsorship Agreement, or (4) is likely to have a material adverse effect on the business, trading position, operations or prospects of our Company and/or any of our Subsidiaries or of our Group as a whole, or (5) results or is reasonably likely to result in the issue of a notice of refusal to an admission of our Company to Catalist by the SGX-ST to the Sponsor and Issue Manager at any point prior to the listing of our Shares, or (6) makes it uncommercial or otherwise contrary to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement.

Pursuant to the Placement Agreement, our Company has appointed CGS-CIMB as the Placement Agent to subscribe for, and/or procure subscribers for the Placement Shares at the Placement Price for a placement commission of 3.5% of the Placement Price for each Placement Share, payable by our Company, for the total number of Placement Shares successfully subscribed for. The Placement Agent may, at their absolute discretion, appoint one (1) or more sub-placement agents for the Placement Shares upon such terms and conditions as it deems fit.

The obligations of the Placement Agent under the Placement Agreement are conditional upon:

- (a) the Offer Document having been registered by the SGX-ST acting as agent on behalf of the Authority by the date on which the Offer Document shall be registered by the SGX-ST acting as agent on behalf of the Authority or such other date as our Company, ZICO Capital, and the Placement Agent shall decide in accordance with the Catalist Rules and the SFA;
- (b) the approval for the Listing granted by the SGX-ST (including the registration notice) not being revoked or withdrawn on or prior to the date of commencement of trading of the Shares on Catalist and the compliance by our Company, to the satisfaction of the SGX-ST, with all the conditions imposed by the SGX-ST in granting such approval for the Listing, where such conditions are required to be complied with by the closing date of the Application List or the date of commencement of the trading of the Shares on Catalist, as the case may be;

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## PLAN OF DISTRIBUTION

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- (c) the compliance by our Company with all applicable laws and regulations concerning the Placement, the listing and quotation of the Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares on Catalist and the transactions contemplated in the Placement Agreement and the Offer Document and other than as disclosed in the Offer Document, no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have an adverse effect on the Placement and the Listing;
- (d) such approvals and consents as may be required for the transactions described in the Placement Agreement and in the Offer Document being obtained, and not withdrawn or amended, on or before the date of commencement of trading of the Shares on Catalist (or such other date as our Company, ZICO Capital, and the Placement Agent may agree) and the compliance in full to the satisfaction of all the relevant authorities granting such approvals and consents of all conditions (if any) attaching or in relation thereto on or before the date of commencement of trading of the Shares on Catalist (or such other date as our Company, ZICO Capital, and the Placement Agent may agree);
- (e) there having been, in the reasonable opinion of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the financial or other condition of our Group between the date of the Placement Agreement and the date of commencement of trading of the Shares on Catalist nor the occurrence of any event nor the discovery of any fact rendering untrue, incorrect or misleading in any respect, as at the date of commencement of trading of the Shares on Catalist, any of the warranties or representations nor any breach by our Company of any of its obligations under the Placement Agreement;
- (f) the compliance by our Company with all applicable laws and regulations concerning the Placement, the listing and quotation of all the existing issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares on Catalist and the transactions contemplated in the Placement Agreement and the Offer Document and other than disclosed in the Offer Document, no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have an adverse effect on the Placement and the Listing;
- (g) in relation to each advertisement or publication in respect of the Placement disseminated or published after registration of the Offer Document by the SGX-ST, acting as agent of the Authority, prior to the dissemination or publication of such advertisement or publication, a confirmation in relation to each such advertisement or publication, in a form agreed by our Company and the Placement Agent, in compliance with the Securities and Futures Regulations, and approved by the senior management of our Company;
- (h) the delivery by our Company to the Placement Agent prior to 8.00 a.m. on the date of commencement of trading of the Shares on Catalist of a certificate, in the form set out in the Placement Agreement and any other reports or certificates from our Company as the Placement Agent may reasonably require, and any certificate signed by an officer of our Company or any of our Group Companies and delivered to the Placement Agent;
- (i) the delivery to the Placement Agent, on or before the date of commencement of trading of the Shares on Catalist (or such other date as the Placement Agent and our Company may agree), of (1) a copy of the disclosure letter by the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law and (2) the due diligence reports in respect of our Company and our Group Companies from the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law and the Legal Advisers to our Company on Malaysian Law, to be in a form and substance reasonably satisfactory to the Sponsor and Issue Manager, and the Placement Agent;

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## PLAN OF DISTRIBUTION

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- (j) the delivery to the Sponsor and Issue Manager, and the Placement Agent, on or before the date of commencement of trading of the Shares on Catalist (or such other date as the Placement Agent and our Company may agree), of a copy of the comfort letter from the Independent Auditor and Reporting Accountant, addressed to the Sponsor and Issue Manager, and the Placement Agent, such comfort letter, to be in form and substance reasonably satisfactory to the Sponsor and Issue Manager, and the Placement Agent;
- (k) the conditions under the Management and Sponsorship Agreement have been fulfilled, the execution and delivery of the Management and Sponsorship Agreement by our Company and the Sponsor and Issue Manager, and the Management and Sponsorship Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Sponsorship Agreement; and
- (l) there having been no breach of the representations, warranties or undertakings in the Placement Agreement.

In the event that the Placement Agreement is terminated, the parties shall be released from their respective obligations under the Placement Agreement and our Company shall reimburse the Placement Agent for all relevant expenses incurred by it in connection with the carrying out of its responsibilities under the Placement Agreement.

In the event that the Management and Sponsorship Agreement and/or the Placement Agreement are terminated, our Directors reserve the right, at their absolute discretion, to cancel the Placement.

Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company, and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the subscription for the Placement Shares.

Other than the Management and Sponsorship Agreement and the Placement Agreement, and save as disclosed in the section entitled "Interested Person Transactions – Potential Conflicts of Interests – Interests of the Sponsor and Issue Manager, and the Placement Agent" of this Offer Document, we do not have any material relationship with the Sponsor and Issue Manager or the Placement Agent.

### **No Introducers and Consultants**

There are no introducers to the Placement and no consultants have been engaged by our Group to assist in (i) any group restructuring exercise in conjunction with the Placement and our application for the Listing; or (ii) the issue of securities or securities-based derivatives contracts to investors during the period of 12 months prior to the date of lodgment of this Offer Document, for the purposes of facilitating the Placement and our application for the Listing.

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## OFFER DOCUMENT SUMMARY

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*The information contained in this summary is derived from and should be read in conjunction with the full text of this Offer Document. As it is a summary, it does not contain all the information that potential investors should consider before investing in our Shares. Potential investors should read this entire Offer Document carefully, especially the matters set out in the “Risk Factors” section of this Offer Document, before deciding to invest in our Shares.*

### OVERVIEW OF OUR GROUP

#### Our Company

Our Company was incorporated in Singapore on 22 July 2022 under the Companies Act as a private company limited by shares under the name of “LMS Compliance Pte. Ltd.”, to serve as a holding company for the entire Group’s business. We subsequently changed our name to “LMS Compliance Ltd.” on 18 November 2022 in connection with our conversion to a public company limited by shares.

Pursuant to the Restructuring Exercise as described in the section entitled “Restructuring Exercise” of this Offer Document, our Company became the holding company of our Group.

#### Our Business

Leveraging on our expertise and know-how, we offer quality testing and certification services for our customers across a gamut of industries, ranging from food and healthcare to industrial and greentech. Currently operating in Penang, Shah Alam and Johor Bahru and with a sales office in Kota Bahru, we have been in the testing and/or certification business for over fifteen (15) years. Our laboratory testing adheres to both local and international standard methods, and has been accredited by the Department of Standards Malaysia (“**DSM**”) based on ISO/IEC 17025 standards recognised by the International Laboratory Accreditation Cooperation.

During the Period Under Review, our business segments broadly comprise the following:

- (a) provision of testing and assessment services;
- (b) provision of certification services;
- (c) trading of laboratory equipment, laboratory chemicals and laboratory solutions; and
- (d) distribution of conformity assessment technology.

Please refer to the section entitled “General Information on our Group – Business Overview” of this Offer Document for further details on our business segments.

#### Our Competitive Strengths

We believe our key competitive strengths are as follows:

- (a) we have an established track record and strong market reputation;
- (b) our Group is helmed by an experienced and competent management team;
- (c) our diverse range of services and locations caters to the wide-ranging needs of our customers;
- (d) our strong technical expertise gives us a market advantage; and
- (e) we are constantly innovating and digitalising our work processes and systems.

Please refer to the section entitled “General Information on our Group – Competitive Strengths” of this Offer Document for further details.

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## OFFER DOCUMENT SUMMARY

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### Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- (a) expanding the scale of our testing and assessment services;
- (b) boosting our certification services segment and conformity assessment technology distribution segment; and
- (c) growing through acquisitions, joint ventures and strategic alliances.

Please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for further details.

### FINANCIAL HIGHLIGHTS

You should read the following summary financial information in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report and the Audited Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the Financial Years ended 31 December 2019, 2020 and 2021” and the “Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the financial period from 1 January 2022 to 31 March 2022” as set out in Appendix A and Appendix B respectively of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Condition” section of this Offer Document.

### Selected items from the Combined Statements of Comprehensive Income

(RM'000)	← Audited →			← Unaudited →	
	FY2019	FY2020	FY2021	3M2021	3M2022
Revenue	14,526	15,839	16,988	4,003	4,419
Profit before income tax	5,119	6,194	6,610	1,409	1,799
Profit for the financial year/ period	3,946	4,690	4,948	1,085	1,437
Pre-Placement EPS (sen) <sup>(1)</sup>	5.44	6.46	6.82	1.50	1.98
Post-Placement EPS (sen) <sup>(2)</sup>	4.51	5.36	5.66	1.24	1.64

#### Notes:

- (1) For comparative purposes, EPS for the Period Under Review have been computed based on the profit for the financial year/ period and our pre-Placement share capital of 72,560,000 Shares.
- (2) For comparative purposes, EPS for the Period Under Review have been computed based on the profit for the financial year/ period and our post-Placement share capital of 87,435,000 Shares.

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## OFFER DOCUMENT SUMMARY

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### Selected items from the Combined Statements of Financial Position

(RM'000)	← Audited →			Unaudited
	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 March 2022
Non-current assets	8,957	9,508	9,266	9,177
Current assets	8,235	13,562	11,717	12,667
Total assets	17,192	23,070	20,983	21,844
Non-current liabilities	2,595	2,675	2,411	2,356
Current liabilities	3,512	4,537	4,266	3,745
Total liabilities	6,107	7,212	6,677	6,101
Total equity	11,085	15,858	14,306	15,743
NAV per Share (sen) <sup>(1)</sup>	15.28	21.86	19.72	21.70

**Note:**

- (1) For comparative purposes, the NAV per Share for the Period Under Review have been computed based on our pre-Placement share capital of 72,560,000 Shares.

### Where you can find us

Our principal place of business is located at 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang, Malaysia and our registered office is located at 138 Robinson Road, #26-03, Singapore 068906. Our telephone and facsimile numbers are +60 4-380 8282 and +60 4-380 8280 respectively. Our email address is ir@lmscompliance.com. Our Company Registration Number is 202225544C. Our internet address is lmscompliance.com. **Information contained on our website does not constitute part of this Offer Document.**



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## THE PLACEMENT

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- The Placement** : 14,000,000 Placement Shares, subject to and on terms and conditions set out in this Offer Document.
- The Placement Shares, will, upon allotment and issue, rank *pari passu* in all respects with the existing issued Shares.
- Placement Price** : S\$0.26 for each Placement Share, payable in full on application.
- Purpose of the Placement** : Our Directors are of the view that the listing of our Company and quotation of our Shares on Catalist will: (i) provide us with additional capital to fund our business expansion in the Asia-Pacific region and to be used for general working capital purposes; (ii) allow us to tap the capital markets to fund our business growth and expansion in the future; (iii) enhance our corporate profile and public image, as well as reinforce our market reputation; (iv) increase the confidence of our customers and suppliers in our Group; and (v) enhance our ability to attract and retain talents. The Placement will also provide members of the public and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.
- Listing Status** : Prior to the Placement and the Listing, there was no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to the admission of our Company to Catalist and permission for dealing in, and for quotation of, all of our Shares that are already issued, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares being granted by the SGX-ST.
- Risk Factors** : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
- Use of Proceeds** : Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

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## PLACEMENT STATISTICS

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**PLACEMENT PRICE** 26.00 cents

### NAV

NAV per Share based on the unaudited combined statement of financial position of our Group as at 31 March 2022:

- |  |            |
|--|------------|
| (a) before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 72,560,000 Shares | 6.98 cents |
| (b) after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 87,435,000 Shares | 8.13 cents |

Premium of Placement Price over the NAV per Share:

- |  |        |
|--|--------|
| (a) before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 72,560,000 Shares | 272.5% |
| (b) after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 87,435,000 Shares | 219.8% |

### EPS

EPS based on the audited combined statements of comprehensive income of our Group for FY2021 and the pre-Placement share capital of 72,560,000 Shares. 2.21 cents

EPS based on the audited combined statements of comprehensive income of our Group for FY2021 and the pre-Placement share capital of 72,560,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2021 2.10 cents

### PER

PER based on the Placement Price, the EPS for FY2021 and the pre-Placement share capital of 72,560,000 Shares 11.8 times

PER based on the Placement Price, the EPS for FY2021 and the pre-Placement share capital of 72,560,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2021 12.4 times

### Net Cash generated from Operating Activities

Net cash generated from operating activities per Share based on the audited combined statements of cash flows of our Group for FY2021 and the pre-Placement share capital of 72,560,000 Shares 2.32 cents

Net cash generated from operating activities per Share based on the audited combined statements of cash flows of our Group for FY2021 and the pre-Placement share capital of 72,560,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2021 2.18 cents

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## PLACEMENT STATISTICS

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### Price to Net Cash generated from Operating Activities Ratio

Ratio of Placement Price to net cash generated from operating activities per Share for FY2021 based on the pre-Placement share capital of 72,560,000 Shares 11.2 times

Ratio of Placement Price to net cash generated from operating activities per Share for FY2021 based on the pre-Placement share capital of 72,560,000 Shares, assuming that the Service Agreements had been in place from the beginning of FY2021 11.9 times

### Market Capitalisation

Market capitalisation based on the Placement Price and the post-Placement share capital of 87,435,000 Shares S\$22.73 million

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## RISK FACTORS

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*We are exposed to a number of possible risks that may arise from economic, business, market, financial, political, social, technological and other factors and developments that may have an adverse impact on our future performance. The trading price and value of our Shares could fluctuate and decline due to any of these risks and investors may lose a part or all of their investments in our Shares. The following does not state risks unknown to us now but which could occur in future and risks which we currently believe to be immaterial, which could turn out to be material. Should such risks occur or turn out to be material, they may materially and adversely affect our business, financial performance and financial condition.*

*An investment in our Shares involves risks. Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Document before deciding to invest in our Shares. Before deciding to invest in our Shares, you should seek professional advice from the relevant advisers about your particular circumstances. To the best of our Directors' knowledge and belief, all risk factors which could directly and/or indirectly affect us and are material to investors in making an informed judgement of our Company have been set out below. Some of the following risk factors relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic, social and political conditions, the securities market and ownership of the Shares, including possible future sales of our Shares.*

*If any of the following considerations, uncertainties or material risks develops into actual events, our business, operations, financial performance and prospects could be materially and adversely affected. In such cases, the trading price of our Shares could fluctuate and decline due to any of these considerations, uncertainties or material risks, and investors may lose all or part of their investment in our Shares.*

*This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document. Please see the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document for further details.*

### **RISKS RELATING TO OUR INDUSTRY AND BUSINESS**

#### **We are subject to the risk of changes in the relevant laws and regulations in the countries we operate**

Whilst there were no past incident(s) which had a material adverse impact on the Group's financials and/or operations, there is no assurance that the regulatory environments in which we operate will not change significantly or become more stringent in the future. Compliance with any changes in existing or new laws and regulations may increase our compliance costs, which may adversely affect our business, operations, financial performance and prospects. In addition, there is no assurance that we would be able to comply with such amended or new laws and regulations, which may have an adverse effect on our business, operations, financial performance or prospects. In the event that we fail to comply with the relevant laws and regulations, we may be penalised for such breaches of law or regulation, and our business, operations, financial performance and prospects may be adversely affected as a result.

Additionally, many of the services which we provide, and the conduct of such services, are subject to, or influenced by, laws and regulations that impose strict rules on our business or the businesses of our customers. We have identified the following key regulatory risks arising from our activities:

- regulatory supervision which extends to matters including analytical processes, limits of detection (being the lowest quantity or concentration of a component that can be reliably detected with a given analytical method) and requirements for test methods;
- regulatory or lobbying efforts to deregulate, limit or prohibit disclosure of information related to the various analyses and testing offered by our Group, may reduce the demand for our Group's services. For example, in the United States of America, various groups oppose mandatory and/or voluntary labelling of genetically modified food products. Likewise, various groups and governments have opposed mandatory and/or voluntary labelling of the country of origin for assorted food

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products, including those pursuant to international trade agreements. A material relaxation of certain regulations or a prohibition on certain types of disclosure could have a negative impact on the demand for, or growth of, some of our Group's services; and

- future government policies may adversely affect the supply of, demand for, and/or prices of our services and also restrict our ability to do business in our existing and target markets. Changes in regulations that streamline procedures or relax approval standards with respect to, for example, pharmaceutical products could reduce the need for our Group's pharmaceutical testing services. If companies regulated by the Food and Drug Administration, the United States Environmental Protection Agency, and other national regulatory authorities in jurisdictions where our Group operates were subject to such deregulation, there may be fewer business opportunities and our Group's revenues could decrease, materially.

### **We are subject to registration requirements and require certain accreditations, licences, registrations, permits and approvals for certain business operations**

We are required to obtain various accreditations, licences, registrations, permits and approvals to carry out certain business operations, in particular for our laboratory testing and assessment services. Our customers may also require evidence of various professional licensing and accreditation as part of their selection of a provider of testing services and various governmental and regulatory authorities may mandate certain accreditations and professional licensing in connection with the performance of various services. Our Group is subject to periodic reviews and inspections by regulatory bodies and/or authorities and as at the Latest Practicable Date, there has not been any key/material observations/findings from the regulatory bodies and/or authorities which may have a material adverse impact on the Group's operations and/or financials.

While we intend to obtain, using our best efforts, all requisite accreditations, licences, permits and certificates and complete the renewals of our existing accreditations, licences, permits and certificates on a timely basis for our business, and are not aware of any impediment to our so doing, there is no assurance that we will be able to obtain and/or maintain all required accreditations, licences, permits and certificates and approvals in a timely manner or at all. In the event that we fail to obtain or comply with the conditions of such accreditations, licences, registrations, permits and approvals, we may be penalised for such failure, and our business, operations, financial performance and prospects may be adversely affected as a result.

Furthermore, certain licences (such as licences to deal in specified poisons or psychotropic substances) are held by individuals who are directors and/or employees of our Group, namely Ms. Chong and Ms. Ooi Wan Koon. Ms. Chong and Ms. Ooi Wan Koon are responsible for ensuring compliance with all the conditions under said licenses and the parties liable in the event of non-compliance with these conditions. Whilst (a) Ms. Chong is a controlling shareholder of the Company as well as the spouse of Dr. Ooi, a controlling shareholder of the Company and (b) Ms. Ooi Wan Koon is the sister of Dr. Ooi, there is no assurance that we will be able to retain these individuals and the loss of these individuals (and the relevant licences) without suitable and timely replacements may have an adverse impact on our business, operations, financial performance and prospects.

Please refer to the section entitled "General Information on our Group – Material Licences, Permits, Registrations and Approvals" of this Offer Document for further information on the material accreditations, licences, permits, registrations and approvals for our business operations.

### **We are dependent on our key management personnel**

Our continued success is dependent to a large extent on our key management personnel, in particular, our CEO, Dr. Ooi, and our Chief Development Officer, Ms. Chong, set out in the section entitled "Directors, Executive Officers and Staff – Directors" of this Offer Document. Their technical know-how, industrial knowledge and relationships with our customers and suppliers have been instrumental to the growth of our Group. Our key management personnel are collectively responsible for implementing our expansion plans and business strategies and driving our growth. There is no assurance that we will be able to retain our key management personnel. The loss of any key management personnel without suitable and timely replacements will have an adverse impact on our business, operations, financial performance and prospects.

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Dr. Ooi and Ms. Chong have entered into service agreements with our Company for an initial term of three (3) years, which will commence from our date of Listing. Notwithstanding this, there can be no assurance that we will not lose them or be successful in retaining them or in hiring qualified management personnel to replace them should the need arise.

### **We may suffer from information and technological system failures**

Our information and technological systems are designed to enable us to use our information and technology infrastructure as effectively as possible and to monitor and control various aspects of our operations. We are dependent on our information and technological systems such as our laboratory information management systems, certification platforms, financial systems and employee portals.

The delivery of our services depends on the efficient and uninterrupted operation of our information and technological systems, which could be exposed to, among others, inherent technical breakdowns or failures, fire, natural disasters, power loss, network disruptions, telecommunications failure, industrial action, acts of war, terrorism or other factors beyond our control. Any failure or breakdown in these systems or processes could interrupt normal business operations, and any prolonged failure or breakdown could impact our ability to offer services to our customers in a timely manner or at all.

Our Group also maintains databases containing information on our tests and analysis results. Should our databases be corrupted, damaged or destroyed, our business could be adversely affected.

While we have taken precautions and implemented systems and standard operating procedures to address such risks, including but not limited to, applying off-site back-ups of the databases, increasingly keeping data and information in the cloud, updating our software and conducting systems checks regularly on our mission critical systems, and there have been no past incidents which had a material adverse impact on our Group's operations and/or financials, we cannot guarantee that such measures would be successful in preventing interruptions to our business operations or that we will be able to rectify or resolve system failures or disruptions in a timely and cost-effective manner. Hence, we may still suffer material and adverse impacts to our business, financial condition, financial performance and reputation when such incidents occur. As at the Latest Practicable Date, we are not aware of any system failures by any entity within our Group which could have a material adverse impact on our business.

### **We could be implicated by the leakage or misappropriation of our customers' information**

Our business requires us to handle, store and manage information pertaining to our customers, as well as transmit confidential and proprietary information, such as customers' operating and business information (for instance, laboratory test reports, test methods and/or protocols). Although we have employed security measures to protect against unauthorised access of such confidential and proprietary information and there have been no past incidents that had a material adverse impact on our Group's operations and/or financials, we are unable to assure you that our current security measures are adequate in preventing all unauthorised access attempts. If there is any breach in our security systems, or in the event a party is able to circumvent such security measures, confidential and proprietary information that could be valuable to our customers could be misappropriated or misused, which may result in potentially costly litigation and/or loss of customers or harm to our reputation or relationships with our existing or potential business partners. This may also expose us to legal and regulatory costs and liabilities to the extent applicable privacy laws and regulations are breached. In such event, our business, operations, financial performance and prospects may be materially and adversely affected.

### **Our operations may subject us to litigation, arbitration, administrative proceedings or other disputes**

As part of our business operations, we enter into contractual relationships with third parties. Disputes may arise between these third parties (such as our customers and suppliers) and us for various reasons including damage claims, inadequate or unsatisfactory level of services provided and errors or delays during the provision of our services. In the event of disputes regarding any of our contractual obligations with third parties, we may be involved in litigation or other legal proceedings, and may incur substantial expenses and the efforts of our management personnel may be diverted in order to resolve such disputes. The outcome of any litigation or legal proceeding would be uncertain, and even

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if we were to prevail, such litigation or legal proceeding may be costly and time-consuming. In addition, legal proceedings resulting in unfavourable judgment or findings may harm our corporate image and reputation, cause current partners to terminate existing agreements and potential partners to seek other partners, or cause financial losses and damage our prospects of entering into future contracts. During the Period Under Review and up to the Latest Practicable Date, we are not aware of any litigation, arbitration, administrative proceedings or other disputes which resulted in a material adverse impact on our business, operations and financial performance and there is no assurance that such events will not occur in future. In such events, our business, financial condition, financial performance, reputation and prospects may be adversely affected.

### **Our insurance coverage may not indemnify us against all potential losses**

We have taken up insurance policies that are appropriate for our businesses such as public liability insurance, fire insurance, all risks insurance and personal accident insurance. Please refer to the section entitled “General Information on our Group - Insurance” of this Offer Document for further details. There is, however, no assurance that such insurance policies will compensate us fully for all potential losses, or that our insurers will certainly pay on any particular claim.

We are also subject to the risk of increased premiums or deductibles, reduced coverage or expanded exclusions in connection with existing insurance policies. There are also certain types of risks that are not covered by our insurance policies because they are either uninsurable or not economically insurable, including acts of war, acts of terrorism, natural disasters, loss or damage caused by industrial actions or the COVID-19 pandemic. If such events were to occur, we may have to bear the costs of the uninsured risk or the uninsured loss, and our business, operations, financial performance and prospects may be adversely affected.

### **Our business could be adversely affected by any harm to our brand and reputation**

Our operations are dependent on our customers’ confidence in our business and thus, in our brand and reputation. Our brand and reputation are also critical to our continued growth. We believe that we have built a positive brand and reputation based on the quality of our service, our accreditations and recognitions, our presence in multiple locations, our conformity assessment technology, accuracy of results and prompt turnaround time. However, our brand and/or reputation may be negatively impacted by various factors. For example, if we are unable to deliver our services to our customers on a timely basis, whether as a result of factors outside of our control or as a result of lapses caused by our employees, or otherwise, we may experience customer dissatisfaction. We are also subject to potential damage to our Group’s reputation and/or brand as a consequence of errors or omissions by our employees in relation to our testing activities, analyses and results. Accordingly, this may result in the loss of customers or harm to our brand and/or reputation, or relationships with our existing or potential business partners, and we may be unable to retain those customers or repair our brand and/or reputation in the future, and our business, operations, financial performance and prospects may be materially and adversely affected.

### **Failure to keep pace with technological advancements may affect our competitiveness**

We operate in a competitive environment where cost-effectiveness, efficiency and the range of services provided are important factors to our customers. Effective and efficient electronic management systems are important in streamlining our operations, managing our operating costs and maximising work efficiency. As the demands and needs of our customers become increasingly sophisticated, our management systems and processes would need to be adjusted accordingly, and our equipment would need to be increasingly versatile in order for us to remain competitive. Failure to keep abreast of technological advancements in our management systems, or the inability to provide enhanced equipment to cater to our customers’ specifications or our inability to gain access to new or improved technologies to expand or update our testing methods may render us less competitive. In the event that we lose our competitive edge, our business, financial performance and prospects may be materially and adversely affected.

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### **We may not be able to successfully implement our future plans**

Our business strategies and future plans are set out in “General Information on our Group – Business Strategies and Future Plans” of this Offer Document. However, there is no assurance that we will be able to effectively implement our future plans. Even if we are able to successfully implement our future plans, there is no assurance that the results of such plans will lead to the outcomes and results we expect. The success and viability of our future plans depend on many factors, some of which are not within our control, such as the existence of favourable economic and political conditions, the demand and needs of our customers and the commercial viability of our future plans.

Further, the implementation of our future plans may also require capital expenditure, and consequently we may require additional financing to fund our future plans. There is no assurance that these future plans will pay off and increase our revenue to a level which will be commensurate with the costs of our investment. In the event that our future plans are not satisfactorily implemented, our business, operations, financial performance and prospects may be adversely affected.

### **We may need to secure financing for our future growth**

We may need to obtain debt or equity financing to fund future working capital, acquisitions or capital expenditures, so as to enhance our capabilities and capacity to expand our business. Additional equity financing may result in dilution of the shareholdings of our Shareholders. Debt financing may include conditions that would restrict our freedom to operate our business, such as conditions that:

- limit our ability to pay dividends or require us to seek consents to do so;
- require us to maintain financial ratios;
- require us to dedicate a portion of our cash flow from operations for the payment of our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes; and
- limit our flexibility in planning for changes in our business and industry in the future, such as conditions that may restrict or require consents for corporate restructuring, or additional financing or fund-raising.

There is no assurance that we will be able to obtain any additional financing on terms that are acceptable to us, or at all. In the event that we are unable to secure adequate financing at acceptable costs, our business, operations, financial performance and prospects may be adversely affected.

### **We may face risks associated with our debt financing**

Our current bank borrowings incur interest at floating interest rates. The interest rates which we are charged will expose us to risks associated with debt financing including adverse changes in interest rates and the inability to meet payments of principal and interest. A material increase in interest rates would increase our financing costs, which may in turn weaken our financial standing when seeking future financing for our expansion or other funding requirements. We will also be subject to the risk that our existing borrowings may be terminated by the lenders upon the occurrence of certain events (such as a breach of covenants, or the failure to make interest payments, or rectify any breach in the agreements), or we may not be able to refinance our existing borrowings or the terms of any refinancing will not be as favourable as the terms of our existing borrowings.

Particularly, it should be noted that we had a credit facility with Maybank Islamic Berhad (the “**Bank**”) that was subject to covenants requiring us to seek consent for (a) the payment of dividends by MY CO2 as well as (b) any entry into profit-sharing arrangement with any other person (the “**Bank Matters**”). A breach of the foregoing covenants would cause MY CO2 to be exposed to the risk of immediate repayment of the outstanding facility amount to the Bank. We had written to the Bank to seek consent and/or waiver for the Bank Matters but did not receive consent and/or waiver from the Bank in respect of the past dividends declared by MY CO2, the past income or profits paid out pursuant to our incentive



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bonus scheme for our employees (the “**Scheme**”), any future income or profits to be paid out pursuant to the Scheme and the Service Agreements. Accordingly, as at the date of this Offer Document, our Group had settled the outstanding amount under the facility with the Bank, with the payment of the redemption sum of RM804,193.93 (including service charges and miscellaneous fees). Please refer to the sections entitled “Capitalisation and Indebtedness - Credit Facilities” and Management’s Discussion and Analysis of Results of Operations and Financial Condition - Liquidity and Capital Resources” for more information.

Our Group has implemented measures to prevent any breach of loan covenants. Specifically, the Financial Controller, with the assistance of the accountant, will review and monitor the covenants in our loan agreements on a quarterly basis to ensure all the covenants are complied with. The Financial Controller will also provide quarterly updates to the Audit Committee on the results of such quarterly review. Our Board is of the view that these measures are adequate and effective in preventing a recurrence of loan covenant breaches.

### **We are subject to credit risks of our customers**

Our customers are generally given credit terms of between 30 and 90 days. Our cash flow, financial performance and financial condition are to a certain extent depend on our customers meeting their payment obligations to us. Whilst there were no past incident(s) which had a material adverse impact on our Group’s financials and/or operations, there is no assurance that we will be able to collect our trade receivables fully or within a reasonable period of time, or at all. In such situations, we may be required to make allowances for doubtful receivables or write off bad debts, and this may adversely affect our financial performance and financial condition. Please refer to the section entitled “General Information on our Group – Credit Policy – Credit Terms to our Customers” of this Offer Document for more details.

### **We are exposed to risks of infringement of Relevant Intellectual Property Rights**

We rely on trademarks and other contractual provisions to protect our intellectual property and proprietary rights owned and/or used by us (the “**Relevant Intellectual Property Rights**”). Please refer to the “General Information on our Group — Intellectual Property Rights” section of this Offer Document for further details. Whilst there were no past incidents which had a material adverse impact on our Group’s financials and/or operations, there is no assurance that any steps taken by our Group to protect our Relevant Intellectual Property Rights are adequate. The relevant laws in countries where our Relevant Intellectual Property Rights have been registered may also not offer adequate intellectual property protection depending on the circumstances. It may be possible for third parties to unlawfully pass-off our trademarks, and we may not be successful in our efforts to prevent the continued unlawful use of our Relevant Intellectual Property Rights.

We have successfully registered several trademarks in Malaysia and China, and are applying for trademarks in Malaysia. Please refer to the section entitled “General Information on our Group – Intellectual Property Rights” of this Offer Document for further details on our Relevant Intellectual Property Rights. Whilst we principally operate in Malaysia currently, we had registered trademarks in China as we intend to expand our presence in Asia and expand into new markets such as China and Indonesia through investments, mergers and acquisitions, joint ventures and/or strategic partnerships. We may not be able to register such new Relevant Intellectual Property Rights in the jurisdictions where we operate for various reasons such as our Relevant Intellectual Property Rights not being distinct or in the event there are prior existing registered Relevant Intellectual Property Rights which are similar to ours.

We believe our Relevant Intellectual Property Rights are recognised by our customers and our industry to represent reliability, and quality, which has contributed to our success. While we have registered our Relevant Intellectual Property Rights in some jurisdictions, there is no assurance that we will be able to register the same Relevant Intellectual Property Rights in other jurisdictions, renew our existing Relevant Intellectual Property Rights upon expiry of their terms, or maintain or protect the brand, reputation and goodwill attached to our Relevant Intellectual Property Rights. There is also no assurance that other unrelated third parties will not use our Relevant Intellectual Property Rights in these jurisdictions without our consent. If unauthorised parties exploit our Relevant Intellectual Property Rights and brand, our reputation and goodwill and hence our ability to maintain our competitive edge may be adversely affected.

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We may not have sufficient resources to be able to effectively prevent such infringement of our Relevant Intellectual Property Rights. There is also no assurance that we will be able to obtain adequate remedies in the event of unauthorised use(s) and/or reproduction(s) of our Relevant Intellectual Property Rights. If we fail to protect our Relevant Intellectual Property Rights adequately, there may be an adverse impact on our business reputation, goodwill and financial performance.

### **We require skilled and qualified staff to operate our laboratories and manage our business operations**

Our ability to operate successfully and manage our potential future growth depends significantly on our ability to attract, retain and motivate skilled and qualified professionals such as technical, sales, logistics, managerial and financial personnel. In particular, we require specialised personnel to perform and interpret laboratory test results and verify and certify the validity of the said results.

Skilled and qualified personnel with the appropriate experience in our industry are limited and competition for such personnel is intense. There is no assurance that we will be able to attract or retain the necessary skilled personnel. If we are unable to retain our skilled and qualified personnel or find suitable and timely replacements for the skilled and qualified personnel, our business and financial performance may be materially and adversely affected. In addition, competition for skilled and qualified workers may require us to enhance our remuneration packages in order to remain competitive in recruiting or retaining our staff, which may significantly increase our costs. Changes in government policies may also result in a shortage of skilled and qualified personnel and will likely increase the costs of recruiting and retaining such personnel. Our business, financial performance and financial condition could be materially and adversely affected if our costs of recruiting and retaining suitable staff increase significantly and if we are unable to successfully manage our growth and expansion through recruiting and retaining sufficient skilled and qualified personnel.

### **We face significant competition in the markets that we operate in**

The testing and certification industry is highly competitive and we face competition from existing service providers as well as potentially new entrants into the market. Certain of our competitors are well capitalised and have greater financial, marketing, geographical coverage and other resources than we have. Some may also have longer track records and more established relationships with suppliers and customers in certain markets. Such service providers may be able to respond to changes in market conditions more promptly and effectively than we can. There is no assurance that we will be able to continue competing successfully against our competitors. If we are unable to maintain a competitive position, adapt to changing market conditions or otherwise compete successfully with our competitors, our prospects, business, financial condition and financial performance may be materially and adversely affected. Please refer to the section entitled "General Information on our Group - Competition" of this Offer Document for further details on our competitors.

Further, the prices for our services may be subject to downward price pressures due to competition among similar service providers or improvement of testing technologies (especially for the more common and standard tests). At the same time, due to factors such as inflation, our Group's costs could grow due to increased expenses for personnel, materials, and other supplies/resources. If our existing or potential competitors offer services at a lower cost or engage in aggressive pricing in order to increase market share, our revenue may decline and our profit margins may be materially and adversely affected if we are not able to match their lower costs or aggressive pricing. In such event, our business, financial condition, financial performance, and prospects may be materially and adversely affected.

### **Our laboratory testing and assessment services are vulnerable to fluctuations in demand in the industries in which our customers operate**

A substantive portion of our revenue is derived from our laboratory testing and assessment services provided to a number of industries including food, feed, fertiliser, pharmaceutical, medical devices, healthcare, industrial and greentech industries. Accordingly, our success depends upon such industries' demand for our products and/or services. Demand may vary as a result of factors outside our control such as changes in economic conditions and regulatory environment, pricing pressures, market driven pressures on companies to consolidate and reduce costs, and other factors affecting research and development spending. If such events were to occur, our business, financial performance and financial condition may be materially and adversely affected.

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### **We may be affected by disruptions to our operations due to external factors**

Our laboratories are located in areas at risk of unforeseen, hostile or catastrophic events, many of which are outside of our control, including natural disasters and extreme weather events such as floods, typhoons, heavy rains, winds and waves. Although there were no past incidents which had a material adverse impact on our Group's financials and/ or operations, our operations may face disruptions due to such unforeseen external factors and our costs may increase to address such disruptions and cause a reduction in our revenue. For instance, there were floods in Shah Alam in December last year that resulted in *inter alia*, the loss of two motor vehicles, for which impairment has been recorded in Appendix A of this Offer Document. This did not have a material impact on our Group's financials and/or operations, as we had sufficient insurance coverage. Please refer to Note 5 – Property, plant and equipment under the section entitled “Notes to the combined financial statements for the financial years ended 31 December 2019, 2020 and 2021” in Appendix A for more details.

There is no assurance that such external factors would not cause disruptions to our operations. As a result of such disruptions, we may fail to meet our customers' expectations and/or complete our deliveries, certifications, tests and/or assessments within the given timeline. This may damage our reputation and/or expose us to legal claims, and may lead to a loss of business. In such situations, our business, operations, financial performance and prospects may be adversely affected.

### **We are dependent on our relationships with our suppliers, and other third parties for our purchases**

We procure equipment and materials we require for our laboratory testing and assessment services and trading activities from third party vendors. Generally, we do not have long-term contracts with our suppliers for such equipment and materials. Therefore, we rely on our suppliers to deliver such supplies based on our prevailing requirements. Although we have established good working relationships with our suppliers, there is no assurance that we will continue to be able to obtain the required equipment and materials from our suppliers at acceptable prices or that our suppliers would be able to meet our requirements in a timely manner. In the event that our suppliers are unable to meet our requirements on terms that are acceptable to us, we would need to identify and acquire acceptable replacement sources on a timely basis. If we encounter delays or difficulties in securing necessary laboratory equipment or materials, including consumables, our ability to perform our services could be impacted and this may materially and adversely affect our business, financial performance and financial condition.

Our contracts with our suppliers and third party vendors may also expose us to contractual disputes and liabilities, and there is no assurance that we will resolve such claims satisfactorily, or at all. In such events, our business, financial performance and financial condition may be materially and adversely affected.

### **We may handle goods that are hazardous**

As part of our testing and assessment services, and trading activities, we may be involved in the storage, handling and transportation of hazardous materials and chemicals. The storage, handling and transportation of these hazardous materials and chemicals is subject to the risk of leaks and spills, contamination and chemical erosion causing environmental damage. Our business also requires individuals to work with potentially hazardous materials, which may be volatile, noxious and often highly flammable, and our employees may be subject to the risk of personal injuries or even serious or fatal accidents. If such materials are improperly handled, they could impair or affect our business operations and lead to disruptions in our business and may expose us to legal and regulatory costs and liabilities. Accordingly, our business, operations, financial performance and prospects may be materially and adversely affected, particularly if our insurance does not or is inadequate to cover such events or the extent of the repercussions of such events. There were no past incidents that resulted in a material adverse impact on our Group's financials and/or operations. Please refer to the risk factor entitled “*Our insurance coverage may not indemnify us against all potential losses*” for more details.

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### **Our laboratories are subject to lease renewals and relocation risks**

As at the Latest Practicable Date, we lease premises in Malaysia where we conduct our business. Please refer to the section entitled “General Information on our Group – Properties and Fixed Assets” of this Offer Document for further details of the tenures of these leases.

We have to engage in renewal negotiations with the landlords for certain of our leases, prior to expiry of such leases. During the renewal negotiation process, the landlord may revise the terms and conditions of the lease, and we may face the possibility of an increase in rent, or not being able to renew the lease on terms and conditions acceptable to us or at all.

While we currently do not foresee any difficulties in renewing our existing leases, there is no assurance that the leases of such premises will be renewed or will not be terminated by our landlords. In the event that our leases are not renewed, we will have to incur costs to reinstate the relevant premises prior to handing over and relocate our assets to suitable replacement facilities. We may also be required to obtain re-certification of licences and accreditations which will require us to incur additional expenses. This is because the licences and/or accreditations are tied to the premises and re-certification would be required if there is a shift in premises. In addition, there is no certainty that we will be able to find suitable replacement premises or lease new premises on terms acceptable to us or at all. In such instances, our business, financial condition and financial performance may be materially and adversely affected.

### **We are exposed to risks of outbreaks of communicable diseases such as the COVID-19 pandemic**

The outbreak of any communicable disease that escalates into a regional or global pandemic may have a material and adverse effect on business, operations, financial performance and prospects. Although the exact nature and magnitude of the impact of such diseases cannot currently be predicted, previous occurrences of communicable diseases have had an adverse effect on the economies of those countries in which they were prevalent. For example, the COVID-19 pandemic has caused severe impact on global, regional and national economies and disruptions to international trade and business activity. The COVID-19 pandemic has resulted in, among others, travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries, disruptions to the global supply chains and increased volatility in capital and securities markets.

We are uncertain as to the expected duration and magnitude of the COVID-19 pandemic and its potential impacts on global financial markets and it is difficult to predict the extent of the impact of COVID-19 pandemic on our Group’s operations. Although Malaysia has eased its COVID-19 measures, there is no assurance that we will not in the future experience disruptions in the event that the COVID-19 pandemic becomes more severe or protracted.

The outbreak of an infectious disease, widespread communicable diseases or any other serious public health concerns in Asia and elsewhere may have far-reaching impacts which affect our Group and our customers, suppliers and other business partners. In the event of the outbreak of such diseases or if such diseases cannot be contained in an effective and timely manner, our business, operations, financial performance and prospects may be materially and adversely affected.

### **We are exposed to the risk of forged certificates**

As part of our testing and assessment services, we issue reports and certificates that indicate compliance with international standards and regulations for matters such as quality, safety and environmental protection. We also provide audit and management system certification services as part of our certification services. Certification allows our customers to conduct their business activities, access new markets and strengthen their reputations. Since obtaining certification is vital for our customers, our Group is exposed to the risk that its reports and certificates are falsified or tampered with, or that counterfeit reports and certificates are issued, infringing our Group’s trademarks and damaging our reputation. The production of forged or counterfeit reports and certificates can result from employee misconduct, or more commonly, third party external sources (e.g. fraudulent behaviour by a client or third party in order to meet regulatory requirements).

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In such instances, our business would be disrupted and our business, financial condition, financial performance and prospects may be materially and adversely affected. There were no past incidents that resulted in a material adverse impact on our Group's financials and/or operations.

To safeguard against the risk of forged certificates, our Group had, in 2018, introduced our electronic certificate of analysis, which allows test results to be accessed via an embedded QR code. As the QR code gives the user access to the original certificate of analysis stored in our Group's system, it allows the user to validate the authenticity of a certificate. Our Board is of the view that such measures are adequate and effective in safeguarding against the risk of forged certificates.

### **We may be subject to fines and/or other penalties for non-compliance with certain statutory or regulatory provisions**

In the past, due to inadvertent omissions and administrative oversight, some of our Group Companies in Malaysia had made breaches of certain statutory and/or regulatory provisions, arising from corporate secretarial and other administrative matters. Whilst such breaches did not materially affect our business operations, our Group Companies, and their directors and officers may be liable for statutory penalties for such past non-compliances, although no enforcement actions have been taken against our Group Companies, or their directors and officers, as at the Latest Practicable Date.

In this regard, our Executive Director and CEO, Dr. Ooi, and our Executive Director and Chief Development Officer, Ms. Chong, had executed a deed of indemnity on 30 August 2022 to undertake to indemnify and hold harmless our Group and their officers, directors, management, employees or agents (collectively, the "**Indemnified Persons**") from any and all penalties, losses, liabilities, obligations, damages, costs, expenses, claims, proceedings, actions or demands (the "**Claims**") on a full indemnity basis, whether by the relevant authorities in Malaysia or any other party, brought, established, instituted, made, alleged, incurred or suffered by the Indemnified Persons, whether directly or indirectly, based on, resulting from or relating to the non-compliances and breaches (the "**Deed of Indemnity**"). The Deed of Indemnity has no validity period or termination provisions. Please refer to the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions" in this Offer Document for more details.

We have taken certain steps and procedures to prevent the recurrence of such non-compliances, including the appointment of a Chief Compliance Officer and tasking the finance department to oversee corporate secretarial matters. To monitor key applicable regulations, the Chief Compliance Officer shall be the centralised function to maintain a compliance register for licensing matters, corporate secretarial matters, and any other applicable laws and regulations. Inputs on the status of compliance may be obtained from employees from other departments such as finance. Our Board and the internal auditor which we have engaged for the purposes of the Placement, Baker Tilly Monteiro Heng Governance Sdn. Bhd., are of the view that these measures are adequate and effective in preventing a recurrence of similar incidents.

Notwithstanding the above, there is no guarantee that the relevant regulators will not bring administrative or other enforcement actions against us or our Directors and/or officers in respect of such past breaches for which our Group Companies, their directors and/or officers may be liable upon conviction for statutory penalties such as fines (depending on the nature and severity of the breach), which may have an adverse effect on our financial performance and financial condition.

## **RISKS RELATING TO OUR OVERSEAS OPERATIONS AND OPERATIONS IN MALAYSIA**

### **General risks associated with doing business internationally**

As part of our growth strategy, we intend to expand our presence in Asia and expand into new markets such as China and Indonesia through our own investments, mergers and acquisitions, joint ventures and/or strategic partnerships. In the event that suitable acquisition targets or new opportunities are not identified, or acquisitions are not able to be made on terms acceptable to us, our ability to successfully execute our growth strategy may be limited.

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## RISK FACTORS

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Additionally, we may also be subject to various risks, including having to deal with entrenched domestic competitors in overseas markets, our relative lack of familiarity with the rules and regulations in other jurisdictions, changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in foreign exchange rates, potentially adverse tax consequences, legal uncertainty regarding liability, reduced protection for intellectual property rights in some countries, tariffs and other trade barriers, unexpected changes in local law, and barriers to the repatriation of capital or profits, any of which could materially affect our overseas operations and, consequently our business, operations, financial performance and prospects. As we plan to expand our overseas operations in the future, our exposure to such risks will increase. These risks may impede our efforts to integrate the overseas businesses into our existing business operations. Addressing these risks may require us to devote substantial management resources, which could distract our management from overseeing our ongoing operations. Any failure by us to address these issues could delay or prevent us from completing any future overseas expansions or could make such transactions substantially more expensive to complete than we had anticipated, any of which could have a material adverse effect on our business, operations, financial performance and prospects.

Our business may also be materially and adversely affected by social, economic and political developments, both in countries in which we operate and globally. Such developments may include financial crises, terrorist attacks, inflation, and civil unrests in the countries in which we operate. We have no control over such developments, and there is no assurance that such conditions and developments, when they occur, will not adversely affect our business, operations, financial performance and prospects in the countries where we carry out our operations.

### **Our operations may be materially and adversely affected by unfavourable political, social, economic, legal and regulatory developments in Malaysia**

We may be affected by changes in the political leadership, government policies and/or relevant laws and regulations in Malaysia. Any political or regulatory changes include the introduction of new laws and regulations or any modification to the existing laws and regulations which impose and/or increase restrictions on the conduct of business, changes in interest rates, the taxation of goods and services or changes to regulations relating to mandatory Bumiputera shareholding entitlements. An adverse development relating to any of the abovementioned factors may have a material and adverse effect on our business operations, financial position, financial performance and prospects.

Other political uncertainties include the risks of wars, terrorism, nationalisation and expropriation. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not have a material and/or adverse effect on our business and financial performance.

In addition, the economic conditions in Malaysia may have an effect on our business and operations, as well as our future prospects. Any future deterioration of the Malaysian economy could affect costs of our operations and in turn may materially and adversely affect our business and financial performance.

### **We may be affected by changes to foreign exchange controls, fiscal and other regulatory policies in Malaysia**

Since 21 July 2005, the RM peg to the US\$ has been removed and the RM has been allowed to operate on a managed float basis to ensure that the exchange rate remains close to its fair value. There are also no current restrictions to non-residents on the repatriation of proceeds from divestment of RM assets, profits, dividends or any income arising from investments in Malaysia, subject to withholding taxes (if any) and provided that repatriation is made in a foreign currency other than the currency of the State of Israel and in accordance with the Financial Services Act 2013 of Malaysia and Bank Negara Malaysia's guidelines in the form of notices.

In the event that the Malaysian government implements any change to the relevant regulations on exchange controls, such changes may affect repatriation from our Group Companies in Malaysia and, accordingly, may materially and adversely affect our financial performance.

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## RISK FACTORS

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### **We may be subject to tax audit and investigations in Malaysia**

The Malaysian tax regime is based on a self-assessment system. Persons chargeable, including companies, in Malaysia have legal obligations to make self-assessments on the tax payable and file necessary tax returns annually with their remittance of tax.

The Malaysian Inland Revenue Board (“**MIRB**”) is empowered by the Income Tax Act 1967 of Malaysia to carry out audit and investigation on persons chargeable to determine, *inter alia*, whether their tax returns are accurate and complete. The Income Tax Act 1967 of Malaysia also empowers MIRB to impose additional tax and/or penalties on persons chargeable if MIRB determines that the persons chargeable are in fact subject to more tax payables than are reported in the self-assessed tax returns. Our Group Companies in Malaysia will calculate the amount of taxes and make payment thereof in accordance with the applicable tax laws. We may be subject to additional taxes or penalty if MIRB has a different view from us with respect to our self-assessed tax payables in the tax returns filed by our Group Companies in Malaysia. As we may be subject to tax audit and investigation by MIRB from time to time, in the event that MIRB imposes additional tax or penalty on our Group, our profit margin may decrease and accordingly, may materially and adversely affect our financial performance.

Similarly, the Royal Malaysians Customs Department (“**RMCD**”) is empowered under the Service Tax 2018 to carry out audit and investigation on persons chargeable to determine, *inter alia*, whether their payments for sales and services tax are accurate and complete, and may impose additional tax and/or penalties on persons chargeable if the RMCD determines that the persons chargeable are in fact subject to more service tax payables than are reported in the self-assessed tax returns.

The Malaysia government re-introduced the sales and services tax which came into effect from 1 September 2018. Due to a lack of clear guidance and authority in interpreting whether laboratory testing services were classified as consultancy services and accordingly, whether such services were taxable, certain of our Group Companies in Malaysia failed to register as taxable persons and make payments for sales and services tax for the period of 1 September 2018 to 1 March 2019 (the “**Non-Payment Period**”) as required under the Service Tax Act 2018. Upon formal guidance being issued on this matter in February 2019, the said Group Companies had promptly complied and registered as taxable persons with effect from 1 March 2019. Our Group Companies were required to pay outstanding arrears amounting to approximately RM315,000 for the Non-Payment Period, and provisions have been made in our Group’s combined financial statements in FY2021. Our Group has as the Latest Practicable Date fully settled the payments due to the RMCD. The amount of approximately RM315,000 is inclusive of compounds issued by the RMCD, which are required to be paid in order to be eligible for the Voluntary Disclosure and Amnesty Programme (the “**VA Programme**”). The VA Programme applies to duty/tax/levy/penalty/surcharge liabilities outstanding on or before 31 October 2021 under all Acts under the RMCD’s administration (including the Service Tax Act 2018). The VA Programme is an effort by the Malaysian government to reduce tax leakages by providing an opportunity for companies/individuals to make a voluntary disclosure, in good faith, of the duty/tax/levy/penalty liabilities that remain outstanding and encouraging the prompt payment of such duty/tax/levy/penalty/surcharge by offering incentives. Chooi & Company + Cheang & Ariff, the legal advisers to the Company on Malaysian law, was verbally advised by an officer of the RMCD that upon settlement of the payment due under the VA Programme, the relevant group companies will not face any further fines, penalties, reprimands, or any further action for the previous non-payment.

Our Board is of the view that adequate measures have been put in place to prevent a recurrence of such non-payment of sales and services tax. Specifically, our Group will appoint a suitably qualified tax agent, to advise our Group on tax-related matters as and when required, our Audit Committee shall have oversight of our Group’s procedures and policies put in place to ensure compliance with the various applicable laws and regulations such as our tax matters, including the appointment of qualified tax agents, and our Chief Compliance Officer shall maintain a compliance register which will set out the applicable laws and regulations (such as key tax legislation), with inputs to be obtained from our Group’s finance department and our Group’s tax agent, and ensure regular monitoring for compliance purposes.

As at the Latest Practicable Date, save as disclosed above, we were not the subject of any tax audit or investigation in Malaysia.

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## RISK FACTORS

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### **RISKS RELATING TO AN INVESTMENT IN OUR SHARES**

#### **Our Controlling Shareholders will retain significant control over our Company after the Placement, which will allow them to influence the outcome of matters submitted to Shareholders for approval**

Upon the completion of the Placement, our Controlling Shareholders will directly own an aggregate of approximately 83.0% of our post-Placement share capital respectively. As a result, they will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also effectively have veto power with respect to any Shareholders' action or approval requiring a special resolution except where they are required by the Catalist Rules or other applicable regulations to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a takeover or change in control of our Company even if it may benefit the Shareholders.

#### **Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST**

We have made an application for our Shares to be listed for quotation on Catalist, a listing platform primarily designed for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST, and the future success and liquidity in the market of our Shares cannot be guaranteed.

Pursuant to the Catalist Rules, we are required to, among others, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, ZICO Capital must act as our continuing sponsor for at least three (3) years after the listing of our Company on Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three (3) continuous months. There is no guarantee that following the expiration of the three (3)-year period, ZICO Capital will continue to act as our sponsor or that we will be able to find a replacement sponsor within the three (3)-month period. Should such risks materialise, we may be delisted.

#### **Future sales of our Shares could adversely affect our Share price**

Any future sale or issue of our Shares could have a downward pressure on our Share price. The issue or sale of a significant number of Shares in the public market after the Placement, or the perception that such issue or sales may occur, could materially and adversely affect the market price of our Shares. These factors could also affect our ability to issue additional equity securities. Except as otherwise described in the section entitled "Shareholders – Moratorium" of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

After the First Moratorium Period (as defined in the section entitled "Shareholders – Moratorium" of this Offer Document) has lapsed, our Controlling Shareholders will be able to sell their Shares. Any future sale or an increased availability of Shares may have a downward pressure on our Share price. The sale of a significant number of Shares in the public market after the Placement, including by our Controlling Shareholders, as well as non-controlling but otherwise significant Shareholders, or the issue of further new securities by us, or the perception that such sales or issues may occur, could materially affect the market price of the Shares. These factors also affect our ability to sell additional equity securities at a time and at a price favourable to us.

#### **Investors in our Shares would face immediate and substantial dilution in the book value per Share and may experience future dilution**

As described in the section entitled "Dilution" of this Offer Document, our Placement Price of 26.00 cents per Share is substantially higher than our NAV per Share of 8.13 cents as at 31 March 2022 (adjusted for the net proceeds from the Placement and based on the post-Placement share capital of 87,435,000 Shares). Thus, there is an immediate and substantial dilution in the book value per Share.



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## RISK FACTORS

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In addition, we may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. We may also require additional equity funding after the Placement. If we choose to issue new Shares in order to finance future expansions, acquisitions, joint ventures and strategic partnerships, our Shareholders will face dilution of their shareholdings.

### **Investors may not be able to participate in future issues of Shares and may experience dilution in their shareholdings**

In the event that our Company issues new Shares, it will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where it elects to conduct a rights issue. However, in electing to conduct a rights issue or other forms of equity issuances, our Company will have discretion, subject to relevant regulations, as to the procedures to be followed in making such rights offering available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, our Company may choose not to offer such rights to our existing Shareholders having an address outside Singapore. Accordingly, holders of our Shares may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as a result.

### **There has been no prior market for our Shares and the Placement may not result in an active or liquid market for our Shares**

Prior to the Placement, there was no public market for our Shares. The Placement Price may not be indicative of the market price for our Shares after the completion of the Placement. There is no assurance that an active market for our Shares will develop or, if developed, will be sustained, or that the market price for the Shares will not decline below the Placement Price. Accordingly, you may be unable to sell your Shares at or above the Placement Price.

### **Our Share price may be volatile in the future, which could result in losses for investors purchasing our Shares in this Placement**

The trading price of our Shares could be subject to significant fluctuations as a result of, among others, the following factors, some of which are beyond our control:

- variations of our financial or operating results;
- liquidity of the market for our Shares;
- differences between our actual financial results and those expected by investors and investment analysts;
- changes in analysts' recommendations, or estimates and projections of our financial performance;
- technological developments in our industry;
- announcements by us of significant acquisitions, strategic alliances or joint ventures;
- our involvement in material litigation; and
- changes in general economic, political and social conditions and broad market fluctuations.

In addition, our Share price will be under downward pressure if our Shareholders sell their respective Shares immediately after the Placement or moratorium.

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## RISK FACTORS

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For these reasons, among others, our Shares may trade at prices that are higher or lower than the Placement Price and/or NAV per Share. These fluctuations may be exaggerated if the trading volume of the Shares is low. Volatility in the price of the Shares may be unrelated or disproportionate to our financial performance. It may be difficult to assess our performance against either domestic or international benchmarks. In addition, our Shares are not capital-safe products and there is no guarantee that investors of our Shares can realise a higher amount or even the principal amount of their investments. Any of the factors listed above could adversely affect the price of the Shares and you may not be able to resell your Shares at a price that is attractive to you, or at all.

### **We may be constrained from paying dividends on the Shares**

We are not legally or contractually required to pay dividends and any determination to pay dividends in the future will be entirely at the discretion of our Board, taking into consideration our operating results and cash flow, other working capital requirements including capital expenditures, financing arrangements (if any), future plans, general business conditions and other factors which our Board may determine as appropriate, many of which are beyond our control. Please see the section entitled “Dividend Policy” of this Offer Document for further details on our dividend policy.

We may not be able to pay dividends in the future if we are unable to successfully implement our strategy or if there are adverse developments to our business as a result of competitive, regulatory, general economic conditions, demand and other factors specific to our industry, many of which are beyond our control. Moreover, it should be noted that our existing credit facility with Alliance Islamic Bank Berhad contains covenants that require us to seek consent for the payment of dividends. Please refer to the section entitled “Capitalisation and Indebtedness” of the Offer Document for details. This would limit when and how much dividends we can declare and pay out, and also restrict the ability of our subsidiaries to make contributions to us and our ability to receive dividends. If our subsidiaries stop paying dividends or reduce the amount of dividends they pay to our Company, this would have an adverse effect on our ability to pay dividends on our Shares.

In addition, agreements which we may enter into in the future may limit or prohibit, among other things, the ability of our subsidiaries to make distributions to us and thus our ability to pay dividends to our Shareholders.

### **Negative publicity may adversely affect our Share price**

Negative publicity or announcements relating to our Group or any of our Directors, Executive Officers or Controlling Shareholders may materially and adversely affect the market perception or the Share performance of our Company, whether or not it is justified. Examples of negative publicity may include unsuccessful attempts at joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

### **Singapore law contains provisions that could discourage a take-over of our Company**

The Singapore Take-over Code and sections 138, 139 and 140 of the SFA (collectively, the “**Singapore Take-over and Merger Provisions**”) contain certain provisions that may delay or deter a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or otherwise, either on his/her own or together with parties acting in concert with him/her, in 30.0% or more of our voting Shares is required to extend a take-over offer for our remaining voting Shares in accordance with the Singapore Take-over and Merger Provisions. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of our voting Shares (either on his/her own or together with parties acting in concert with him/her) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six (6)-month period. While the Singapore Take-over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and their ability to realise any benefit from a potential change of control.

## USE OF PROCEEDS AND LISTING EXPENSES

The gross proceeds to be raised by our Company from the Placement will be approximately S\$3.64 million. The net proceeds to be raised by our Company from the Placement, after deducting the estimated expenses in relation to the Placement of approximately S\$1.60 million, will be approximately S\$2.04 million.

The allocation of each principal intended use of proceeds and a breakdown of the estimated listing expenses is set out below:

	Amount (S\$'000)	Estimated amount for each dollar of the gross proceeds from the issuance of the Placement Shares (cents)
<b>Use of proceeds</b>		
Expansion of our certification services segment and conformity assessment technology distribution segment	300	8.24
Acquisitions, joint ventures and strategic alliances to expand our business	1,200	32.97
General working capital	538	14.78
<b>Net proceeds from the issue of the Placement Shares</b>	<b>2,038</b>	<b>55.99</b>
<b>Listing expenses<sup>(1)</sup></b>		
Listing and processing fees	40	1.10
Professional fees <sup>(2)</sup>	1,195	32.83
Placement commission	127	3.49
Miscellaneous expenses	240	6.59
<b>Total listing expenses</b>	<b>1,602</b>	<b>44.01</b>
<b>Gross proceeds</b>	<b>3,640</b>	<b>100.00</b>

**Notes:**

- (1) Approximately S\$0.36 million of the total estimated listing expenses to be borne by our Company will be capitalised against share capital and the balance of S\$1.24 million of the estimated listing expenses will be charged to the income statements.
- (2) This excludes S\$0.23 million of management fee due to ZICO Capital as the Sponsor and Issue Manager which will be satisfied by the allotment and issue of 875,000 ZC Shares to ZICO Capital.

Please refer to the section entitled “General Information on our Group – Business Strategies and Future Plans” of this Offer Document for further details on our use of proceeds.

Pending the deployment of the net proceeds from the issue of the Placement Shares as aforesaid, the funds may be placed in short term deposits with banks and financial institutions, used to invest in short term money market instruments and/or used for working capital requirements as our Directors may deem fit at their absolute discretion.

We will make periodic announcements on the use of the net proceeds from the issue of the Placement Shares as and when the proceeds are materially disbursed, and provide a status report on the use of the proceeds in our annual report(s) and results announcement(s).

The discussion above represents our Company’s reasonable estimate of our allocation of the net proceeds from the Placement based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that any part of our proposed uses of the net proceeds from the Placement does not materialise or proceed as planned, our Directors will evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short term

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## USE OF PROCEEDS AND LISTING EXPENSES

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deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by our Company on SGXNET.

Save as disclosed in this section and in the section entitled “General Information on our Group – Business Strategies and Future Plans”, none of the net proceeds from the Placement will be used, directly or indirectly, to acquire or refinance the acquisition of any asset, business or entity. None of the net proceeds from the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Placement.

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## DIVIDEND POLICY

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Statements contained herein that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties and should under no circumstances be regarded as a representation, warranty or prediction by us, the Sponsor and Issue Manager, and the Placement Agent, or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof.

### PAST DIVIDENDS

Our Company was incorporated in Singapore on 22 July 2022. Our Company and our subsidiaries have declared and paid aggregate dividends, in respect of each of the last three financial years ended 31 December 2019, 2020 and 2021, and from 1 January 2022 to the Latest Practicable Date as follows:

	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	From 1 January 2022 to the Latest Practicable Date (RM'000)
Our Company	–	–	–	–
Empiric Science	–	–	–	–
MY CO2 (PG)	–	–	3,500	–
MY CO2 (Certification MY)	–	–	–	–
LMS Compliance International	–	–	–	–
MY CO2	654	–	–	–
MY CO2 (KL)	2,358	–	3,000	–
MY CO2 (JB)	–	–	–	–
MY CO2 GSB	–	–	–	–

Save as disclosed above, none of our Company or our subsidiaries has declared or paid in respect of each of the last three financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, and from 1 January 2022 to the Latest Practicable Date.

### DIVIDEND POLICY

Although our Company currently does not have a fixed dividend policy, our Directors intend to recommend and distribute dividends of a minimum of 20.0 per cent of our profit attributable to owners of the Company in respect of FY2022, FY2023 and FY2024 (the “**Proposed Dividends**”). However, investors should note that all the foregoing statements, including the statements on the Proposed Dividends, are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors’ sole and absolute discretion. Any dividends declared will be disclosed in our Company’s financial results announcement as required by Appendix 7C of the Catalyst Rules.

The form, frequency and amount of future dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and other investment plans;
- (d) our working capital requirements and general financing condition;

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## DIVIDEND POLICY

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- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any); and
- (f) the general economic and business conditions in countries in which we operate.

We may declare final dividends by way of an ordinary resolution of our Shareholders at a general meeting, but may not pay total dividends in excess of the amount recommended by our Directors. The declaration and payment of final dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. All dividends will be paid in accordance with the Companies Act.

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. Investors should not make any inference from the foregoing statements as to our actual future profitability or our ability to pay any future dividends. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Payment of any dividends shall be in S\$.

For information relating to taxes payable on dividends, please refer to “Appendix E – Taxation” of this Offer Document.

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## SHARE CAPITAL

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Our Company (Registration Number: 202225544C) was incorporated in Singapore on 22 July 2022 under the Companies Act as a private company limited by shares under the name of “LMS Compliance Pte. Ltd.”. On 18 November 2022, our Company was converted into a public company limited by shares and our name was changed to “LMS Compliance Ltd.”.

Our issued and paid-up share capital as at the date of incorporation was S\$750 comprising 750 Share of S\$1 each. As at the Latest Practicable Date, our issued and paid-up share capital was S\$750 comprising 750 Shares held by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$51,385 comprising 72,560,000 Shares.

Pursuant to the written resolutions passed on 15 November 2022, our then Shareholders approved, among others, the following:

- (a) the conversion of our Company into a public company limited by shares and the consequential change of our name to “LMS Compliance Ltd.”;
- (b) adoption of the new Constitution;
- (c) the allotment and issuance of 50,635 Shares in the share capital of our Company pursuant to the Restructuring Exercise;
- (d) the Share Split;
- (e) the allotment and issuance of (i) the Placement Shares which are subject of the Placement; and (ii) the ZC Shares as part satisfaction of its management fees as the Sponsor and Issue Manager, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
- (f) the approval of the listing and quotation of all the issued Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares to be allotted and issued (if any) on Catalist;
- (g) the adoption of the LMS Performance Share Plan, details of which are set out in the sections entitled “LMS Performance Share Plan” and “Appendix F – Rules of the LMS Performance Share Plan” of this Offer Document and the authorisation of our Directors to allot and issue Shares upon release of Awards granted under the LMS Performance Share Plan;
- (h) the adoption of the LMS Employee Share Option Scheme, details of which are set out in the sections entitled “LMS Employee Share Option Scheme” and “Appendix G – Rules of the LMS Employee Share Option Scheme” of this Offer Document and the authorisation of our Directors to allot and issue Shares upon exercise of Options granted under the LMS Employee Share Option Scheme;
- (i) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit: (a)(i) issue (in addition to the Placement Shares) new Shares whether by way of rights, bonus or otherwise; and/or (ii) make or grant offers, agreements or options (collectively the “**Instruments**”) that might or would require new Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into new Shares; and (b) (notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such new Shares) issue new Shares in pursuance of any Instruments made or granted by our Directors while this authorisation was in force or additional Instruments arising from

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## SHARE CAPITAL

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adjustments made to Instruments made or granted by our Directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that:

- (1) the aggregate number of new Shares (including new Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of new Shares to be issued (including new Shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of our Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new Shares (including new Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of new Shares that may be issued shall be based on the post-Placement issued share capital of our Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares;
- (3) in exercising such authority, our Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of our Company; and
- (4) unless revoked or varied by our Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of our Company or (ii) the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.

For the purpose of this resolution and pursuant to Rules 806(3) and 806(4) of the Catalist Rules, the “**post-Placement issued share capital**” shall mean the total number of issued Shares of our Company (excluding treasury shares and subsidiary holdings) immediately after the completion of the Placement, after adjusting for: (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided that the options or share awards were granted in compliance with the Catalist Rules; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares; and

- (j) without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in paragraph (i) above, authorisation of our Directors, pursuant to Section 161 of the Companies Act, to issue Shares other than on a pro rata basis, at a discount of not more than 10.0% to the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on trades done on the preceding market day up to the time the placement or subscription agreement is signed), at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit, provided that (unless revoked or varied by our Company in general meeting) the authority so conferred in this paragraph (j) shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.



## SHARE CAPITAL

As at the date of this Offer Document, our Company has only one (1) class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Constitution. A summary of the Constitution of our Company relating to, among others, the voting rights and privileges of our Shareholders is set out in the section entitled “Appendix C – Summary of our Constitution” of this Offer Document.

There are no founder, management or deferred shares.

Save for the Award Shares and Option Shares, which may be granted under the LMS Performance Share Plan and LMS Employee Share Option Scheme respectively, no person has, or has the right to be given, an option to subscribe for any securities of our Company or our subsidiaries. As at the Latest Practicable Date, no option to subscribe for any Shares in our Company has been granted to, or was exercised by, any of our Directors or Executive Officers.

Upon the allotment and issue of the Placement Shares, the resultant issued and paid-up share capital of our Company will be S\$3,518,928 comprising 87,435,000 Shares, after taking into account the capitalisation of the expenses in relation to the Placement.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and the resultant issued and paid-up capital of our Company immediately after the Placement are as follows:

	Total Number of Shares	Resultant Issued and Paid-up Share Capital (S\$)
Issued and paid-up Shares as at our incorporation	750	750
Issue of new Shares pursuant to the Restructuring Exercise (but prior to the Share Split)	50,635	51,385
After the Share Split	72,560,000	51,385
Issue of ZC Shares	875,000	242,458 <sup>(1)</sup>
Issue of Placement Shares pursuant to the Placement	14,000,000	3,518,928 <sup>(2)</sup>
Post-Placement issued and paid-up share capital	87,435,000	3,518,928

**Notes:**

- (1) This includes an amount of approximately S\$0.04 million, which is set off against our share capital
- (2) This includes an amount of approximately S\$0.36 million, which is set off against our share capital

The equity attributable to the owners of the Company as at the date of incorporation, as adjusted for the Restructuring Exercise and after the Placement is set out below:

	As at the Date of Incorporation	Immediately Before the Placement	Immediately After the Placement
Issued and paid-up number of Shares	750	72,560,000	87,435,000
Issued and paid-up share capital (S\$)	750	51,385	3,518,928
Reserves (S\$)	–	701,474	701,474
Retained earnings (S\$)	–	4,315,661	2,886,014 <sup>(1)</sup>
Equity attributable to owners of the Company (S\$)	750	5,068,520 <sup>(2)</sup>	7,106,416 <sup>(1)</sup>

**Notes:**

- (1) This includes an amount of approximately S\$0.40 million, which will be set off against our share capital, and an amount of approximately of S\$1.43 million, which will be charged directly to the income statement.
- (2) This includes the share capital of the Company as at the date of its incorporation of S\$750.

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## SHARE CAPITAL

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Save as disclosed above and in the sections entitled “Restructuring Exercise” and “General and Statutory Information – Changes in Share Capital” of this Offer Document, there were no changes in the issued and paid-up share capital of our Company and our Subsidiaries within the three (3) years preceding the Latest Practicable Date.

## SHAREHOLDERS

### OWNERSHIP STRUCTURE

The shareholdings of our Directors and Substantial Shareholders immediately before and after the Placement are set out below:

Directors	Immediately before the Placement				Immediately after the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of shares	%	Number of shares	%
Dr. Ooi <sup>(1)</sup>	–	–	72,560,000	100.00	–	–	72,560,000	82.99
Ms. Chong <sup>(2)</sup>	–	–	72,560,000	100.00	–	–	72,560,000	82.99
Datuk Fadilah	–	–	–	–	–	–	–	–
Ong Beng Chye	–	–	–	–	–	–	–	–
Dato (Dr.) Gooi	–	–	–	–	–	–	–	–
Chong Juin Kuan	–	–	–	–	–	–	–	–
Wong Wan Chin	–	–	–	–	– <sup>(3)</sup>	– <sup>(3)</sup>	–	–
<b>Substantial Shareholders (other than Directors)</b>								
Louis May Pte. Ltd.	66,029,106	91.00	–	–	66,029,106	75.52	–	–
Fitcorp Value Pte. Ltd.	6,530,894	9.00	–	–	6,530,894	7.47	–	–
<b>Other Shareholders</b>								
ZICO Capital	–	–	–	–	875,000	1.00	–	–
Public	–	–	–	–	14,000,000	16.01	–	–
<b>Total</b>	<b>72,560,000</b>	<b>100.00</b>	<b>–</b>	<b>–</b>	<b>87,435,000</b>	<b>100.00</b>	<b>–</b>	<b>–</b>

#### Notes:

- (1) Dr. Ooi owns 50.00% of the issued and paid-up share capital of Louis May Pte. Ltd., and together with Ms. Chong, owns the entire issued and paid-up share capital of Louis May Pte. Ltd.. Dr Ooi also owns 50.00% of the issued and paid-up share capital of Fitcorp Value Pte. Ltd., and together with Ms. Chong, owns the entire issued and paid-up share capital of Fitcorp Value Pte. Ltd.. Accordingly, pursuant to Section 4 of the SFA, Dr. Ooi is deemed interested in the Shares held by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd.. Dr. Ooi's associate (his sister), Ooi Wan Koon, our Chief People Officer, intends to subscribe for 160,000 Placement Shares.
- (2) Ms. Chong owns 50.00% of the issued and paid-up share capital of Louis May Pte. Ltd., and together with Dr. Ooi, owns the entire issued and paid-up share capital of Louis May Pte. Ltd.. Ms. Chong also owns 50.00% of the issued and paid-up share capital of Fitcorp Value Pte. Ltd., and together with Dr. Ooi, owns the entire issued and paid-up share capital of Fitcorp Value Pte. Ltd.. Accordingly, pursuant to Section 4 of the SFA, Ms. Chong is deemed interested in the Shares held by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd.. Ms. Chong's associates (her siblings), Chong Choon Kean, Chong Moi Siew and Chong Tze Kean intend to subscribe for an aggregate of 77,000 Placement Shares.
- (3) Wong Wan Chin intends to subscribe for 220,000 Placement Shares.

Save as disclosed in the section entitled "Directors, Executive Officers and Staff", there are no other relationships among our Directors, Executive Officers and Substantial Shareholders and there are no arrangements or understandings with any Substantial Shareholders pursuant to which any of our Directors and Executive Officers were appointed.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Placement Shares which are the subject of the Placement. Our Directors are not aware of any known arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any corporation, any government or other natural or legal person.

As at the Latest Practicable Date, our Company has only one class of shares. There is no restriction on the transfer of the fully paid Shares in scripless form except where required by law or the Catalist Rules.

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## SHAREHOLDERS

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There has been no public take-over by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.

### SIGNIFICANT CHANGES IN THE PERCENTAGE OF OWNERSHIP

Save as disclosed under the sections entitled “Share Capital”, “Restructuring Exercise”, “Dilution” and “Shareholders” of this Offer Document, there were no significant changes in the percentage of ownership of the Shares in our Company within the three (3) years preceding the Latest Practicable Date.

### MORATORIUM

#### Promoters

Under Rule 422 of the Catalist Rules, (a) our Controlling Shareholders and their Associates; and (b) our Executive Directors with interest of 5% or more as at the date of admission of our Company to Catalist, namely Dr. Ooi, Ms. Chong, Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd., will be deemed promoters of our Company (collectively, the “**Promoters**” and each a “**Promoter**”).

Each of Dr. Ooi, Ms. Chong, Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. has given moratorium undertakings in respect of Shares which it or he/she holds or has an interest in, as at the date of their respective undertaking and which it or he will hold or have an interest in immediately after the Placement (the “**Moratorium Shares**”).

To demonstrate their commitment to our Group, each of Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. has given an undertaking to our Company, the Sponsor and Issue Manager, and the Placement Agent that it, will not, in respect of any or all of the Moratorium Shares, for a period of six (6) months commencing from the date of admission of our Company to Catalist (both dates inclusive) (the “**First Moratorium Period**”), directly or indirectly:

- (a) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option, right or warrant to purchase, lend, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise), transfer or otherwise dispose of, any part or all of the Moratorium Shares;
- (b) enter into any agreement, transaction or other arrangement, in whole or in part, (including any swap, hedge, derivative transaction) with a similar effect (economic or otherwise) to such restrictions set out in sub-paragraph (a) above, where such agreement, transaction or other arrangement is to be settled by delivery of the Moratorium Shares;
- (c) deposit all or any part of its effective interest, in any Moratorium Shares in any depository receipt facility;
- (d) enter into any agreement, transaction or arrangement which is designed or which may reasonably be expected to result in any of the above; or
- (e) publicly announce any intention to do any of the above,

(collectively, the “**Restrictions**”).

The Restrictions shall apply to all Shares held by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. immediately after the Listing, being 72,560,000 Shares representing 82.99% of the issued share capital of our Company after the Placement. Each of the Promoters has also undertaken to comply with the Restrictions in respect of 50.0% of the Moratorium Shares for the next six (6) month period after the First Moratorium Period.

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## SHAREHOLDERS

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### **Indirect Shareholdings and Effective Interest of the Promoters**

Each of Dr. Ooi and Ms. Chong, being the shareholders of the entire issued share capital of Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd., has given an undertaking to our Company, the Sponsor and Issue Manager, and the Placement Agent that they will:

- (a) comply with the Restrictions which shall *mutatis mutandis* apply in respect of all their respective interests in the share capital of Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. for a period of 12 months commencing from the date of admission of our Company to Catalist (both dates inclusive); and
- (b) procure that Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. complies with the Restrictions set out in their undertakings.

### **Other shareholders**

ZICO Capital, who holds 875,000 Shares representing approximately 1.00% of the issued share capital of our Company after the Placement, has also undertaken to comply with the Restrictions in respect of its shareholding interests in our Company for a period of three (3) months from the date of admission of our Company to Catalist.

## CAPITALISATION AND INDEBTEDNESS

*The information in this table should be read in conjunction with the sections entitled “Use of Proceeds and Listing Expenses” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document and our financial statements and the notes thereto set out in Appendix A and Appendix B of this Offer Document.*

The table below sets forth the cash and cash equivalents as well as the capitalisation and indebtedness of our Group as at 1 August 2022 which has been prepared:

(S\$'000)	As at 1 August 2022	Adjusted for the net proceeds from the issue of Placement Shares
<b>Cash and cash equivalents</b>	322	2,360
<b>Current indebtedness</b>	617	617
Secured and guaranteed	612	612
Secured and non-guaranteed	5	5
Unsecured and guaranteed	–	–
Unsecured and non-guaranteed	–	–
<b>Non-current indebtedness</b>	2	2
Secured and guaranteed	–	–
Secured and non-guaranteed	2	2
Unsecured and guaranteed	–	–
Unsecured and non-guaranteed	–	–
<b>Total indebtedness</b>	619	619
<b>Total shareholders’ equity</b>	5,333	7,371
<b>Total capitalisation and indebtedness</b>	5,952	7,990

As at the Latest Practicable Date, there were no material changes to our total capitalisation and indebtedness as disclosed above, save for periodic repayments of our credit facilities and changes in our working capital and reserves arising from our day-to-day operations in the ordinary course of business.

As at the date of this Offer Document, our Group had settled the outstanding amount under the facility with Maybank Islamic Berhad. Please refer to the section entitled “Risk Factors – Risks Relating to our Industry and Business – We may face risks associated with our debt financing” of this Offer Document for more details.

## CAPITALISATION AND INDEBTEDNESS

### Credit facilities

Financial institution	Type of facility	Secured / unsecured	Facility amount (RM'000)	Utilised amount as at 31 December 2021 (RM'000)	Utilised amount as at 31 March 2022 (RM'000)	Utilised amount as at the Latest Practicable Date (RM'000)	Unutilised amount as at 31 December 2021 (RM'000)	Unutilised amount as at 31 March 2022 (RM'000)	Unutilised amount as at the Latest Practicable Date (RM'000)	Interest rates per annum	Maturity profile
Maybank Islamic Berhad	Commodity Murabahah Term Financing <sup>i</sup>	Secured <sup>(3)</sup>	1,147	1,147	1,147	1,147	–	–	–	Base financing rate minus 2.35%	1 June 2035
Alliance Islamic Bank Berhad	Term financing <sup>(1)(2)</sup>	Secured <sup>(4)</sup>	1,700	1,700	1,700	1,700	–	–	–	Base financing rate minus 2.30%	1 March 2034
Affin Bank Berhad	Hire purchase of motor vehicle	Secured <sup>(5)</sup>	73	73	73	73	–	–	–	2.45%	11 June 2023

### Notes:

- (1) Our existing credit facility with Alliance Islamic Bank Berhad is subject to covenants that require us to seek consent for a change in shareholding structure. Such consent has been granted by Alliance Islamic Bank Berhad. As at 31 December 2021 and 31 March 2022, the Group's bank borrowings were RM2.07 million and RM2.03 million respectively. Please refer to Appendix A and Appendix B of the Offer Document for more details on the Group's bank borrowings. The bank borrowings are restricted in their use to the financing of the purchases of the respective properties.
- (2) There are terms of our existing credit facility with Alliance Islamic Bank Berhad that during the continuance of said facility, (a) MY CO2 will not without the bank's prior written consent declare or pay dividends to MY CO2's shareholders and (b) MY CO2 will not without the bank's prior written consent enter into profit-sharing arrangement with any other person. As at the Latest Practicable Date, we have received the consent and/or waiver from Alliance Islamic Bank Berhad in respect of past dividends declared by MY CO2, the past income or profits paid out pursuant to the Scheme, any future income or profits to be paid out pursuant to the Scheme and the Service Agreements.
- (3) The facility with Maybank Islamic Berhad was secured by the property located at 15, Jalan Molek 1/8, Taman Molek, 81100 Johor Bahru, Johor Darul Ta'zim, as well as personal guarantees given by our Executive Directors, Dr. Ooi and Ms. Chong. As mentioned in the section entitled "Risk Factors – Risks Relating to our Industry and Business – We may face risks associated with our debt financing", we had settled the outstanding amount under such facility and in this regard, our Group is in the process of discharging the abovementioned security. Please refer to the sections entitled "General Information on our Group – Properties and Fixed Assets" and "Interested Person Transactions – Present and Ongoing Interested Person Transactions" in this Offer Document for more information.
- (4) The facility with Alliance Islamic Bank Berhad is secured by the property located at No. 14, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang and No. 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang as well as personal guarantees given by our Executive Directors, Dr. Ooi and Ms. Chong. Please refer to the sections entitled "General Information on our Group – Properties and Fixed Assets" and "Interested Person Transactions – Present and Ongoing Interested Person Transactions" in this Offer Document for more information.
- (5) This facility with Affin Bank Berhad is secured by the Group's motor vehicle as well as a personal guarantee given by our Executive Director and Chief Development Officer, Ms. Chong. Please refer to the section entitled "Interested Person Transactions – Present and Ongoing Interested Person Transactions" in this Offer Document for more information. This facility is restricted in its use to the financing of the purchase of our Group's motor vehicle.

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## CAPITALISATION AND INDEBTEDNESS

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To the best of our Directors' knowledge, save as disclosed herein, we are not in breach of any terms and conditions or covenants associated with any credit facilities or financial arrangements which could materially affect our Group's financial position and results, business operations, or the investments of our Shareholders.

Pursuant to Rule 728 of the Catalist Rules, Louis May Pte. Ltd., Dr. Ooi and Ms. Chong, being our Controlling Shareholders, have provided undertakings to our Company that they will notify our Company as soon as they become aware of any share pledging arrangements relating to their respective Shares and of any event which will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities. Upon notification by any Controlling Shareholder, our Company will make the necessary announcement(s) in compliance with Rule 728 of the Catalist Rules.



## DILUTION

Dilution is the amount by which the Placement Price paid by subscribers of our Placement Shares (“**New Investors**”) exceeds our NAV per Share immediately after the Placement. Our NAV per Share as at 31 March 2022 before adjusting for the estimated net proceeds from the issue of Placement Shares and based on the pre-Placement share capital of 72,560,000 Shares, was 6.98 cents.

Based on the issue of 14,000,000 Placement Shares at the Placement Price, our NAV per Share after adjusting for the estimated net proceeds from the issue of Placement Shares and based on the post-Placement share capital of 87,435,000 Shares, would be 8.13 cents. This represents an immediate increase in the NAV per Share of 1.15 cents to our existing Shareholders and an immediate dilution in the NAV per Share of 17.87 cents or 68.7% to our New Investors.

The following tables illustrate the dilution on a per Share basis:

	<b>Cents</b>
Placement Price	26.00
NAV per Share as at 31 March 2022 based on the pre-Placement share capital of 72,560,000 Shares	6.98
Increase in NAV per share to existing Shareholders	1.15
NAV per Share after adjusting for the issue of the Placement Shares based on the post-Placement share capital of 87,435,000 Shares	8.13
Dilution in NAV per Share to New Investors	17.87
Dilution in NAV per Share to New Investors as a percentage of the Placement Price	68.7%

The following table summarises the total number of Shares acquired by our Directors, and other Shareholders during the period of three (3) years prior to the date of lodgment of this Offer Document, the total consideration paid by them and the average effective cash cost per Share to them and to our New Investors pursuant to the issue of Placement Shares, and as adjusted for the Restructuring Exercise:

	<b>Number of Shares Acquired</b>	<b>Total Consideration (S\$)</b>	<b>Average Effective Cost per Share (cents)</b>
Louis May Pte. Ltd.	66,029,106	46,760	0.07
Fitcorp Value Pte. Ltd.	6,530,894	4,625	0.07
ZICO Capital	875,000	227,500	26.00
New Investors pursuant to the issuance of Placement Shares	14,000,000	3,640,000	26.00

Save as disclosed above and in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, none of our Directors, Substantial Shareholders or their Associates has acquired any Shares during the period of three (3) years prior to the date of lodgment of this Offer Document.

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## RESTRUCTURING EXERCISE

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In connection with the Placement, we undertook the Restructuring Exercise to rationalise and streamline our Group.

The following steps were taken during the Restructuring Exercise:

### 1. Incorporation of our Company

On 22 July 2022, our Company was incorporated as a private company limited by shares in Singapore under the Companies Act. At the time of incorporation, our Company had an issued and paid-up share capital of S\$750 comprising 750 Shares, of which 682 Shares were held by Louis May Pte. Ltd.<sup>(1)</sup> and 68 Shares were held by Fitcorp Value Pte. Ltd.<sup>(2)</sup>, credited as fully paid.

### 2. Incorporation of MY CO2 GSB

MY CO2 GSB was incorporated on 30 August 2022 as a private company limited by shares in Malaysia, with an issued share capital of RM2,322 comprising 2,322 ordinary shares, held solely by our Company.

### 3. Consolidation of shares in the Malaysia Subsidiaries

On 30 September 2022, each of the Malaysia Subsidiaries had undergone a consolidation of every 1,000 ordinary shares into one (1) ordinary share ("**Share Consolidation**").

The table below sets out the number of ordinary shares before and after Share Consolidation in each of the Malaysia Subsidiaries.

	Number of ordinary shares (before Share Consolidation)	Number of ordinary shares (after Share Consolidation)
MY CO2	1,635,000	1,635
MY CO2 (Certification MY)	100,000	100
MY CO2 (PG)	200,000	200
MY CO2 (KL)	205,000	205
MY CO2 (JB)	100,000	100
Empiric Science	105,000	105

### 4. Acquisition of shares in Malaysia Subsidiaries by MY CO2 GSB

On 30 September 2022, MY CO2 GSB subscribed for and was allotted and issued ("**Share Issuance**"):

- (a) 161,865 new ordinary shares in MY CO2 (comprising 99.0% of the total issued share capital of MY CO2 after Share Consolidation and Share Issuance) for a nominal consideration of RM1,618.65 (based on RM0.01 per share) for all of the new shares to MY CO2 GSB;
- (b) 9,900 new ordinary shares in MY CO2 (Certification MY) (comprising 99.0% of the total issued share capital of MY CO2 (Certification MY) after Share Consolidation and Share Issuance) for a nominal consideration of RM99.00 (based on RM0.01 per share) for all of the new shares to MY CO2 GSB;
- (c) 19,800 new ordinary shares in MY CO2 (PG) (comprising 99.0% of the total issued share capital of MY CO2 (PG) after Share Consolidation and Share Issuance) for a nominal consideration of RM198.00 (based on RM0.01 per share) for all of the new shares to MY CO2 GSB;
- (d) 20,295 new ordinary shares in MY CO2 (KL) (comprising 99.0% of the total issued share capital of MY CO2 (KL) after Share Consolidation and Share Issuance) for a nominal consideration of RM202.95 (based on RM0.01 per share) for all of the new shares to MY CO2 GSB;

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## RESTRUCTURING EXERCISE

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- (e) 9,900 new ordinary shares in MY CO2 (JB) (comprising 99.0% of the total issued share capital of MY CO2 (JB) after Share Consolidation and Share Issuance) for a nominal consideration of RM99.00 (based on RM0.01 per share) for all of the new shares to MY CO2 GSB; and
- (f) 10,395 new ordinary shares in Empiric Science (comprising 99.0% of the total issued share capital of Empiric Science after Share Consolidation and Share Issuance) for a nominal consideration of RM103.95 (based on RM0.01 per share) for all of the new shares to MY CO2 GSB.

Pursuant to a share purchase agreement dated 30 September 2022 entered into between our Company, MY CO2 GSB, Dr. Ooi and Ms. Chong, MY CO2 GSB had, on 10 November 2022, acquired such number of ordinary shares in each of the Malaysia Subsidiaries from Dr. Ooi and Ms. Chong, for a purchase consideration that is arrived at on a willing-buyer and willing-seller basis, taking into account the NTA of the respective Malaysia Subsidiaries as at 31 March 2022, as follows:

- (a) 1,635 ordinary shares in MY CO2 (comprising 1.0% of the total issued and paid-up share capital of MY CO2), for an aggregate consideration of RM35,413.87 (or approximately S\$11,400) which was satisfied by the allotment and issuance by our Company of 10,374 Shares to Louis May Pte. Ltd. and 1,026 Shares to Fitcorp Value Pte. Ltd., at the directions of Dr. Ooi and Ms. Chong, based on an issue price of S\$1.00 per Share;
- (b) 100 ordinary shares in MY CO2 (Certification MY) (comprising 1.0% of the total issued and paid-up share capital of MY CO2 (Certification MY)), for an aggregate consideration of RM767.30 (or approximately S\$247) which was satisfied by the allotment and issuance by our Company of 225 Shares to Louis May Pte. Ltd. and 22 Shares to Fitcorp Value Pte. Ltd., at the directions of Dr. Ooi and Ms. Chong, based on an issue price of S\$1.00 per Share;
- (c) 200 ordinary shares in MY CO2 (PG) (comprising 1.0% of the total issued and paid-up share capital of MY CO2 (PG)), for an aggregate consideration of RM44,806.85 (or approximately S\$14,423) which was satisfied by the allotment and issuance by our Company of 13,125 Shares to Louis May Pte. Ltd. and 1,298 Shares to Fitcorp Value Pte. Ltd., at the directions of Dr. Ooi and Ms. Chong, based on an issue price of S\$1.00 per Share;
- (d) 205 ordinary shares in MY CO2 (KL) (comprising 1.0% of the total issued and paid-up share capital of MY CO2 (KL)), for an aggregate consideration of RM49,965.97 (or approximately S\$16,084) which was satisfied by the allotment and issuance by our Company of 14,637 Shares to Louis May Pte. Ltd. and 1,447 Shares to Fitcorp Value Pte. Ltd., at the directions of Dr. Ooi and Ms. Chong, based on an issue price of S\$1.00 per Share;
- (e) 100 ordinary shares in MY CO2 (JB) (comprising 1.0% of the total issued and paid-up share capital of MY CO2 (JB)), for an aggregate consideration of RM22,091.20 (or approximately S\$7,111) which was satisfied by the allotment and issuance by our Company of 6,471 Shares to Louis May Pte. Ltd. and 640 Shares to Fitcorp Value Pte. Ltd., at the directions of Dr. Ooi and Ms. Chong, based on an issue price of S\$1.00 per Share; and
- (f) 105 ordinary shares in Empiric Science (comprising 1.0% of the total issued and paid-up share capital of Empiric Science), for an aggregate consideration of RM4,251.25 (or approximately S\$1,368) which was satisfied by the allotment and issuance by our Company of 1,245 Shares to Louis May Pte. Ltd. and 123 Shares to Fitcorp Value Pte. Ltd., at the directions of Dr. Ooi and Ms. Chong, based on an issue price of S\$1.00 per Share.

Accordingly, the issued share capital of our Company became owned as to 91.0% and 9.0% approximately by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively.

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## RESTRUCTURING EXERCISE

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### 5. Acquisition of shares in LMS Compliance International by our Company

Pursuant to a share purchase agreement dated 15 November 2022 entered into between our Company, Dr. Ooi and Ms. Chong, our Company had, on 15 November 2022, acquired all of issued and paid-up share capital of LMS Compliance International from Dr. Ooi and Ms. Chong, for an aggregate consideration of S\$2.00, which was arrived at on a willing-buyer and willing-seller basis, taking into account that LMS Compliance International was in net liability position as at 31 March 2022. The consideration was satisfied by the allotment and issuance by our Company of 1 Share to Louis May Pte. Ltd. and 1 Share to Fitcorp Value Pte. Ltd., at the directions of Dr. Ooi and Ms. Chong, based on an issue price of S\$1.00 per Share.

Upon completion of the above transactions, our Company holds the entire issued share capital of LMS Compliance International and MY CO2 GSB, and MY CO2 GSB holds the entire issued share capital of the Malaysia Subsidiaries. Please refer to the section entitled “Group Structure” of this Offer Document for the structure of our Group as at the date of this Offer Document.

### 6. Share Split

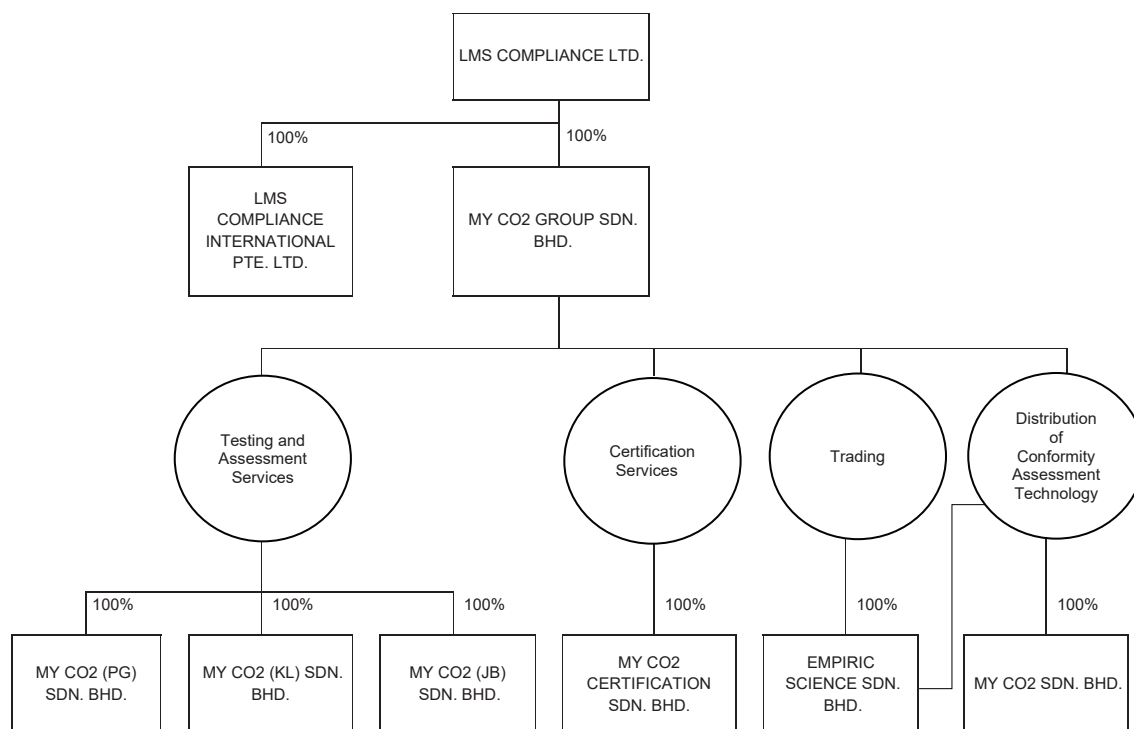
On 18 November 2022, the Share Split was effected and our 51,385 Shares were sub-divided into 72,560,000 Shares. Pursuant to the Share Split, the issued and paid-up share capital of our Company became S\$51,385, comprising 72,560,000 Shares.

#### Notes:

- (1) Louis May Pte. Ltd. is a private company limited by shares incorporated in Singapore on 14 July 2022. The directors of Louis May Pte. Ltd. are our Executive Director and CEO, Dr. Ooi, our Executive Director and Chief Development Officer, Ms. Chong, and our Non-Independent and Non-Executive Director, Chong Juin Kuan. The shareholders of Louis May Pte. Ltd. are our Executive Director and CEO, Dr. Ooi, and our Executive Director and Chief Development Officer, Ms. Chong.
- (2) Fitcorp Value Pte. Ltd. is a private company limited by shares incorporated in Singapore on 14 July 2022, with the purpose of potentially offering shares of Fitcorp Value Pte. Ltd. to our Group’s employees after the moratorium period in respect of such shares as set out in the section entitled “Shareholders – Moratorium” of this Offer Document, to, *inter alia*, recognise the contributions made by such employees to our Group. The directors of Fitcorp Value Pte. Ltd. are our Executive Director and CEO, Dr. Ooi, our Executive Director and Chief Development Officer, Ms. Chong and our Non-Independent and Non-Executive Director, Chong Juin Kuan and the shareholders of Fitcorp Value Pte. Ltd. are our Executive Director and CEO, Dr. Ooi, and our Executive Director and Chief Development Officer, Ms. Chong.

## GROUP STRUCTURE

The following diagram summarises our Group structure as at the date of this Offer Document:



### OUR SUBSIDIARIES

The table below sets forth details of our subsidiaries as at the date of this Offer Document:

Company	Date of Incorporation	Principal Business Activities	Directors	Auditors	Country of Incorporation and Principal Place of Business	% Ownership Interest held by our Company
Empiric Science	9 December 2013	Manufacturing, wholesaling, dealing, distributing and supplying all kinds of scientific products, salts, medical and chemical preparation, promotion and marketing of software and online applications	Dr. Ooi and Ms. Chong	BDO PLT	Malaysia	100
MY CO2 <sup>(1)</sup>	16 August 2006	Laboratory analysis of chemical contains, micro test, trading of laboratory instruments and new product formulation, development and consultation; design, develop and license of software and online applications including data base hosting and maintenance; education and training	Dr. Ooi and Ms. Chong	BDO PLT	Malaysia	100

## GROUP STRUCTURE

Company	Date of Incorporation	Principal Business Activities	Directors	Auditors	Country of Incorporation and Principal Place of Business	% Ownership Interest held by our Company
MY CO2 GSB	30 August 2022	Holding Company	Dr. Ooi and Ms. Chong	BDO PLT	Malaysia	100
MY CO2 (Certification MY) <sup>(2)</sup>	10 August 2016	ISO application, ISO certification, ISO conformity assessment, ISO education and training	Dr. Ooi and Ms. Chong	BDO PLT	Malaysia	100
LMS Compliance International <sup>(2)</sup>	13 September 2019	Dormant <sup>(3)</sup>	Dr. Ooi, Ms. Chong and Chong Juin Kuan	BDO LLP, Singapore	Singapore	100
MY CO2 (JB) <sup>(1)</sup>	13 August 2015	Laboratory analysis of chemical contains, micro test, trading of laboratory instruments and business consultancy	Dr. Ooi and Ms. Chong	BDO PLT	Malaysia	100
MY CO2 (KL) <sup>(1)</sup>	12 August 2015	Laboratory analysis of chemical contains, micro test, trading of laboratory instruments and business consultancy	Dr. Ooi and Ms. Chong	BDO PLT	Malaysia	100
MY CO2 (PG) <sup>(1)</sup>	17 November 2017	Laboratory analysis of chemical contains, micro test, trading of laboratory instruments, business consultancy	Dr. Ooi and Ms. Chong	BDO PLT	Malaysia	100

**Notes:**

- (1) MY CO2, MY CO2 (JB), MY CO2 (KL) and MY CO2 (PG) are principal subsidiaries of the Group, as defined under the Catalyst Rules.
- (2) Pursuant to the Restructuring Exercise, MY CO2 GSB acquired 100% interest in MY CO2 (Certification MY) and our Company acquired 100% interest in LMS Compliance International from Dr. Ooi and Ms. Chong. Dr. Ooi and Ms. Chong acquired the remaining 60% interest in MY CO2 (Certification MY) and LMS Compliance International in June 2020. Prior to the acquisition by Dr. Ooi and Ms. Chong of the remaining 60% interest in MY CO2 (Certification MY) in FY2020, its other shareholders comprised (i) Chan Chee Hoi (30%); and (ii) Tan Lee Lian (30%) who are not related to Dr. Ooi and Ms. Chong, or any of the Directors or Executive Officers. Prior to the acquisition by Dr. Ooi and Ms. Chong of the remaining 60% interest in LMS Compliance International in FY2020, its other shareholders comprised (i) Chan Chee Leong (30%); and (ii) Tan Lee Lian (30%) who are not related to Dr. Ooi and Ms. Chong, or any of the Directors or Executive Officers. Our Group had in FY2020 recognised the full impairment to goodwill arising from the acquisition of these entities as the recoverable amounts for these entities were assessed to be nil, considering (i) their respective value-in-use is nil as there is no certainty that both entities would be able to generate positive free cash flow in future years; and (ii) their respective fair value less cost of disposal is also nil as both entities were in net liabilities positions. Accordingly, our Group recognised the full impairment to goodwill as the carrying amount of goodwill is higher than the recoverable amount, in accordance with SFRS(I) 1-36 – Impairment of Assets. Please refer to Note 8 of the Notes to the Combined Financial Statements of Appendix A of the Offer Document for more details.
- (3) The registered principal activities of LMS Compliance International are (i) technical testing and analysis services (including certification of products and services); and (ii) management consultancy services. Our Group intends for LMS Compliance International to be used for the Group's expansion and investments in the future into Asia. Please refer to the section entitled "General Information on Our Group – History of Our Group" of the Offer Document for more details.

## SUMMARY OF OUR FINANCIAL INFORMATION

The following selected financial information of our Group should be read in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report and Audited Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the Financial Years Ended 31 December 2019, 2020 and 2021” and the “Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the Financial Period From 1 January 2022 to 31 March 2022” as set out in Appendices A and B of this Offer Document, and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document.

### COMBINED STATEMENTS OF COMPREHENSIVE INCOME

(RM'000)	← Audited →			Unaudited	
	FY2019	FY2020	FY2021	3M2021	3M2022
<b>Revenue</b>	<b>14,526</b>	<b>15,839</b>	<b>16,988</b>	<b>4,003</b>	<b>4,419</b>
Other income	162	671	508	44	143
Materials, consumables and subcontractor costs	(1,053)	(1,485)	(1,515)	(360)	(446)
Depreciation expenses	(694)	(885)	(920)	(205)	(256)
Loss allowance on receivables, net	46	19	(55)	(6)	(22)
Employee benefits expense	(6,112)	(6,070)	(6,193)	(1,615)	(1,511)
Other expenses	(1,583)	(1,630)	(1,972)	(395)	(477)
Finance costs	(173)	(265)	(231)	(57)	(51)
<b>Profit before income tax</b>	<b>5,119</b>	<b>6,194</b>	<b>6,610</b>	<b>1,409</b>	<b>1,799</b>
Income tax expense	(1,173)	(1,504)	(1,662)	(324)	(362)
<b>Profit for the financial year/ period</b>	<b>3,946</b>	<b>4,690</b>	<b>4,948</b>	<b>1,085</b>	<b>1,437</b>
<b>Other comprehensive income:</b>					
Item that may be reclassified subsequently to profit or loss:					
- Exchange differences on translating foreign operation	–	n.m. <sup>(1)</sup>	n.m. <sup>(1)</sup>	n.m. <sup>(1)</sup>	n.m. <sup>(1)</sup>
<b>Total comprehensive income for the financial year</b>	<b>3,946</b>	<b>4,690</b>	<b>4,948</b>	<b>1,085</b>	<b>1,437</b>
Pre-Placement EPS (sen) <sup>(2)</sup>	5.44	6.46	6.82	1.50	1.98
Post-Placement EPS (sen) <sup>(3)</sup>	4.51	5.36	5.66	1.24	1.64

**Notes:**

- (1) “n.m.” denotes not meaningful as the amount is less than RM1,000.
- (2) For comparative purposes, EPS for the Period Under Review have been computed based on the profit for the financial year/ period and our pre-Placement share capital of 72,560,000 Shares.
- (3) For comparative purposes, EPS for the Period Under Review have been computed based on the profit for the financial year/ period and our post-Placement share capital of 87,435,000 Shares.

## SUMMARY OF OUR FINANCIAL INFORMATION

### COMBINED STATEMENTS OF FINANCIAL POSITION

(RM'000)	← Audited →			Unaudited
	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 March 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6,679	7,301	7,328	7,306
Right-of-use assets	2,278	2,207	1,938	1,871
<b>Total non-current assets</b>	<b>8,957</b>	<b>9,508</b>	<b>9,266</b>	<b>9,177</b>
<b>Current assets</b>				
Trade and other receivables	2,703	2,710	2,656	3,034
Prepayments	147	68	743	1,135
Financial assets at fair value through profit or loss ('FVTPL')	4,783	10,050	7,212	7,374
Cash and bank balances	602	734	1,106	1,124
<b>Total current assets</b>	<b>8,235</b>	<b>13,562</b>	<b>11,717</b>	<b>12,667</b>
<b>Total assets</b>	<b>17,192</b>	<b>23,070</b>	<b>20,983</b>	<b>21,844</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	2,245	2,325	2,325	2,325
Reserves	8	12	12	11
Retained earnings	8,832	13,521	11,969	13,407
<b>Total equity</b>	<b>11,085</b>	<b>15,858</b>	<b>14,306</b>	<b>15,743</b>
<b>Non-current liabilities</b>				
Other payables	303	265	227	218
Lease liabilities	2,075	2,109	1,864	1,804
Deferred tax liabilities	217	301	320	334
<b>Total non-current liabilities</b>	<b>2,595</b>	<b>2,675</b>	<b>2,411</b>	<b>2,356</b>
<b>Current liabilities</b>				
Trade and other payables	776	1,530	1,610	1,237
Bank borrowings	2,307	2,206	2,069	2,031
Lease liabilities	272	282	245	236
Contract liabilities	78	277	246	237
Income tax payables	79	242	96	4
<b>Total current liabilities</b>	<b>3,512</b>	<b>4,537</b>	<b>4,266</b>	<b>3,745</b>
<b>Total liabilities</b>	<b>6,107</b>	<b>7,212</b>	<b>6,677</b>	<b>6,101</b>
<b>Total equity and liabilities</b>	<b>17,192</b>	<b>23,070</b>	<b>20,983</b>	<b>21,844</b>
NAV per Share (sen) <sup>(1)</sup>	15.28	21.86	19.72	21.70

**Note:**

- (1) For comparative purposes, the NAV per Share for the Period Under Review have been computed based on our pre-Placement share capital of 72,560,000 Shares.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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*The following discussion of our results of operations and financial condition has been prepared by our management and should be read in conjunction with the "Independent Auditor's Report and Audited Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the Financial Years ended 31 December 2019, 2020 and 2021," and the "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the Financial Period from 1 January 2022 to 31 March 2022" as set out in Appendices A and B of this Offer Document.*

*This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the "Risk Factors" section of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor and Issue Manager, or the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this Offer Document.*

### OVERVIEW

Our Group principally engages in the provision of laboratory testing and assessment services, provision of certification services, trading of scientific instruments, chemicals, media and laboratory solutions, development of software and application pertaining to conformity assessment technology, and the promotion and marketing of our Group's software and online applications.

Please refer to the section entitled "General Information on Our Group" of this Offer Document for more details on our Group.

### Revenue

Our revenue is derived from the following services for the Period Under Review:

- (a) **Laboratory testing services** – provision of laboratory testing and assessment services to our customers which specialises in food, feed, fertiliser, pharmaceutical, medical devices, healthcare, industrial and greentech industries;
- (b) **Certification services** – provision of audit and management system certification services;
- (c) **Sale of goods** – trading and distribution of broad range of analytical instruments, testing equipment, chemicals, glassware and laboratory consumable items; and
- (d) **Distribution of conformity assessment technology** – provision of cloud-based applications such as "aikinz-LIMS" and "aizenz", and database hosting.

The major factors that affect our revenue include:

- (a) our ability to expand our existing range of products for our customers, such as food, pharmaceutical, healthcare and greentech (which includes environment and renewable energy);
- (b) our ability to remain competitive in the laboratory testing services industry. This industry is highly fragmented and competitive with high barriers to entry and is dominated by a few major established industry players; and
- (c) our ability to retain customers and secure new customers. The demand for products and services from our customers is determined by our price competitiveness, response time and service quality.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Please refer to the sections entitled "Risk Factors" and "General Information on our Group – Trend Information" of this Offer Document for further information on other factors that may affect our revenue.

A breakdown of our revenue for FY2019, FY2020, FY2021 and 3M2022 by the above categories is as follows:

	FY2019		FY2020		FY2021		3M2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Laboratory testing services	14,220	97.9	15,352	96.9	16,270	95.8	4,265	96.5
Certification services	–	–	127	0.8	162	1.0	41	0.9
Sale of goods	306	2.1	360	2.3	556	3.2	75	1.7
Distribution of conformity assessment technology	–	–	–	–	–	–	38	0.9
<b>Total</b>	<b>14,526</b>	<b>100.0</b>	<b>15,839</b>	<b>100.0</b>	<b>16,988</b>	<b>100.0</b>	<b>4,419</b>	<b>100.0</b>

For the Period Under Review, all of our revenue is derived from Malaysia.

### Other income

Other income amounted to RM0.16 million, RM0.67 million, RM0.51 million and RM0.14 million in FY2019, FY2020, FY2021 and 3M2022 respectively.

A breakdown of our other income for FY2019, FY2020, FY2021 and 3M2022 is as follows:

	FY2019		FY2020		FY2021		3M2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of property, plant and equipment	10	6.2	–	–	6	1.2	–	–
Government grant income	38	23.5	38	5.7	36	7.1	9	6.6
Government wage subsidy	–	–	469	69.9	241	47.4	112	78.2
Interest income	109	67.3	150	22.4	225	44.3	2	1.6
Others <sup>(1)</sup>	5	3.0	14	2.0	–	–	20	13.6
<b>Total</b>	<b>162</b>	<b>100.0</b>	<b>671</b>	<b>100.0</b>	<b>508</b>	<b>100.0</b>	<b>143</b>	<b>100.0</b>

### Note:

(1) Others mainly include fair value gain on our Group's financial assets at FVTPL and foreign exchange gain.

Government grant income relates to government grant received from SME Corporation Malaysia for capital expenditure incurred for the purchases of laboratory related equipment.

Government wage subsidy pertains to the government grants from Pakej PRIHATIN PKS Tambahan and Penjana Kerjaya, initiatives introduced under the economic stimulus packages to help Malaysians cope financially during the COVID-19 outbreak.

Any changes in regulations and policies for government grants would not have a material adverse impact to our Group's business operations and/or financials, as such grants were one-off occurrences.

Interest income was derived mainly from our Group's financial assets at fair value through profit or loss ("FVTPL"), which are investments in money market funds on highly liquid investments. Our Group intends to hold these investments for managing free cash flow and optimising working capital so as to provide a steady stream of income returns.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### Materials, consumables and subcontractor costs

Materials, consumables and subcontractor costs relate to (i) purchases of chemicals, media, microbes, test kits, laboratory solutions, personal protection equipment, tools and consumables parts for laboratory equipment and instruments and other consumables, (ii) subcontractor fees for our laboratory testing and certification services, (iii) maintenance fees for the calibration of our laboratory equipment, and (iv) goods for our trading activities.

Materials, consumables and subcontractor costs amounted to approximately RM1.05 million, RM1.49 million, RM1.52 million and RM0.45 million in FY2019, FY2020, FY2021 and 3M2022 respectively.

### Depreciation expenses

Depreciation expenses comprise depreciation of property, plant and equipment, and right-of-use assets. Depreciation of property, plant and equipment relates to depreciation of our computer equipment, freehold land and building, motor vehicles, office equipment, tools and equipment and renovation. Depreciation of property, plant and equipment amounted to RM0.48 million, RM0.54 million, RM0.65 million and RM0.19 million in FY2019, FY2020, FY2021 and 3M2022 respectively. Depreciation expenses of right-of-use assets relate to depreciation of our leased motor vehicles and office premises. Depreciation of right-of-use assets amounted to RM0.22 million, RM0.35 million, RM0.27 million and RM0.07 million in FY2019, FY2020, FY2021 and 3M2022 respectively.

### Loss allowance on receivables, net

Our Group recorded a net reversal of loss allowance on receivables of RM46,186 and RM19,138 in FY2019 and FY2020 respectively, and a net loss allowance on receivables of RM55,115 and RM22,143 in FY2021 and 3M2022 respectively.

### Employee benefits expense

Employee benefits expense amounted to RM6.11 million, RM6.07 million, RM6.19 million and RM1.51 million in FY2019, FY2020, FY2021 and 3M2022 respectively.

A breakdown of employee benefits expense for FY2019, FY2020, FY2021 and 3M2022 is as follows:

	FY2019		FY2020		FY2021		3M2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' fee	428	7.0	300	4.9	150	2.4	75	5.0
Salaries, bonuses and other staff benefits	5,031	82.3	5,122	84.4	5,365	86.6	1,275	84.4
Contributions to defined contribution plans	653	10.7	648	10.7	678	11.0	161	10.6
<b>Total</b>	<b>6,112</b>	<b>100.0</b>	<b>6,070</b>	<b>100.0</b>	<b>6,193</b>	<b>100.0</b>	<b>1,511</b>	<b>100.0</b>

### Other expenses

Other expenses amounted to RM1.58 million, RM1.63 million, RM1.97 million and RM0.48 million in FY2019, FY2020, FY2021 and 3M2022 respectively. Other expenses comprised mainly utility charges, insurance, professional fees, upkeep of property, plant and equipment, computer and IT expenses, provision of sales and services tax, training costs, transportation costs, printing and stationery, advertisement, and travelling and accommodation expenses.

### Finance costs

Finance costs comprised interest expenses for lease liabilities and bank borrowings, and amounted to RM0.17 million, RM0.26 million, RM0.23 million and RM0.05 million in FY2019, FY2020, FY2021 and 3M2022 respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### Income tax expense

Our income tax expense amounted to RM1.17 million, RM1.50 million, RM1.66 million and RM0.36 million in FY2019, FY2020, FY2021 and 3M2022 respectively. Our effective tax rates for FY2019, FY2020, FY2021 and 3M2022 were 22.9%, 24.3%, 25.1% and 20.1% respectively.

Our effective tax rate for FY2019 was lower than the Malaysia statutory tax rate of 24.0% mainly due to a lower tax rate for the first RM500,000 of chargeable income and certain income not being subjected to income tax, partially offset by expenses not deductible for tax purposes.

Our effective tax rate for FY2021 was higher than the Malaysia statutory tax rate of 24.0% mainly due to the underprovision of tax expenses in respect of prior years and certain expenses not being deductible for tax purposes, partially offset by a lower tax rate for the first RM600,000 of chargeable income and certain income not subjected to income tax.

Our effective tax rate for 3M2022 was lower than the Malaysia statutory tax rate of 24.0% mainly due to non-taxable income for 3M2022.

### Impact of COVID-19 pandemic on our Group's business

COVID-19 did not have any material adverse impact on the Group's business and financials for the Period Under Review, as there was no decrease in the Group's revenue and profit in FY2020 and FY2021 as compared to FY2019.

The Group had intended to renovate some of its premises in FY2020 and FY2021 as part of its expansion plans, but had delayed such renovation to FY2022 and beyond. Save for the deferment of such renovation plans, COVID-19 did not have any material adverse impact on our Group's expansion plan and strategy.

### SEASONALITY

Generally, our business is not subject to any significant seasonal fluctuations.

### INFLATION

Inflation did not have a material impact on our financial performance during the Period Under Review.

## REVIEW OF RESULTS OF OPERATIONS

### FY2020 vs FY2019

#### *Revenue*

Revenue increased by RM1.31 million or 9.0%, from RM14.53 million in FY2019 to RM15.84 million in FY2020. Revenue from our laboratory testing services increased by RM1.13 million or 8.0%, from RM14.22 million in FY2019 to RM15.35 million in FY2020, mainly due to an increase in revenue contribution from our laboratory in Perai (Pulau Pinang), as a result of increased demand for our laboratory testing services from our customers in the healthcare, environmental, food and medical devices industries. In FY2020, our Group also begun the provision of certification services and recorded revenue of RM0.13 million from such services during the year.

#### *Other income*

Other income increased by RM0.51 million or 313.9%, from RM0.16 million in FY2019 to RM0.67 million in FY2020, mainly due to government wage subsidy of RM0.47 million, as compared to nil in FY2019. The government wage subsidy pertained to the government grants from Pakej PRIHATIN PKS Tambahan and Penjana Kerjaya, initiatives introduced under the economic stimulus packages to help Malaysians cope financially during the COVID-19 outbreak.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### *Materials, consumables and subcontractor costs*

Materials, consumables and subcontractor costs increased by RM0.44 million or 41.0%, from RM1.05 million in FY2019 to RM1.49 million in FY2020, mainly due to an increase in fees paid to subcontractors attributable mainly to (i) travel restrictions from the Movement Control Order in Malaysia which prevented us from travelling to our customers' sites located in different states in Malaysia, and (ii) tapping on the technical expertise of subcontractors in new sectors such as face mask testing.

### *Depreciation expenses*

Depreciation expenses increased by RM0.20 million or 27.50%, from RM0.69 million in FY2019 to RM0.89 million in FY2020, mainly due to an increase in depreciation of right-of-use assets by RM0.13 million. The increase in depreciation of right-of-use assets was due to the addition of leased office premises in FY2020 and full year of depreciation in FY2020 as compared to less than a full year of depreciation in FY2019 for certain office premises.

### *Loss allowance on receivables, net*

Net reversal of loss allowance on receivables decreased by RM0.03 million or 58.6%, from RM0.05 million in FY2019 to RM0.02 million in FY2020, mainly due to lesser improvement in collection rate from trade debtors in FY2020.

### *Employee benefits expense*

Employee benefits expense decreased by RM0.04 million or 0.7%, from RM6.11 million in FY2019 to RM6.07 million in FY2020, mainly due to a decrease in directors' fee and partially offset by an increase in salaries, bonuses and other staff benefits.

### *Other expenses*

Other expenses increased by RM0.05 million or 3.0%, from RM1.58 million in FY2019 to RM1.63 million in FY2020, mainly due to an increase in professional fees, computer and IT expenses, provision for sales and services tax, and miscellaneous expenses, and partially offset by a decrease in training costs and transportation costs.

### *Finance costs*

Finance costs increased by RM0.09 million or 53.2%, from RM0.17 million in FY2019 to RM0.26 million in FY2020 mainly due to an increase in interest from lease liabilities as a result of a lease for new office premise and a full year period of lease for some office premises in FY2020 as compared to less than a full year period of lease for such premises in FY2019.

### *Profit before income tax*

As a result of the above, our profit before income tax increased by RM1.07 million or 21.0%, from RM5.12 million in FY2019 to RM6.19 million in FY2020.

### *Income tax expense*

Income tax expense increased by RM0.33 million or 28.2%, from RM1.17 million in FY2019 to RM1.50 million in FY2020, mainly due to an increase in current income tax expense in line with the increase in profit before tax and deferred tax expenses.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### FY2021 vs FY2020

#### *Revenue*

Revenue increased by RM1.15 million or 7.3%, from RM15.84 million in FY2020 to RM16.99 million in FY2021, mainly due to an increase in revenue from laboratory testing services by RM0.92 million, an increase in revenue from sale of goods by RM0.20 million and an increase in revenue from certification services by RM0.03 million. The increase in revenue from laboratory testing services was mainly due to an increase in demand from our customers in the food, pharmaceutical, environmental, and medical devices industries, on the back of greater economic activities following the easing of restrictions pertaining to the COVID-19 pandemic in Malaysia.

#### *Other income*

Other income decreased by RM0.16 million or 24.4%, from RM0.67 million in FY2020 to RM0.51 million in FY2021, mainly due to a decrease in government wage subsidy of RM0.23 million and partially offset by an increase in interest income of RM0.08 million as a result of a higher average monthly balance of financial assets at FVTPL in FY2021.

#### *Materials, consumables and subcontractor costs*

Materials, consumables and subcontractor costs increased by RM0.03 million or 2.0%, from RM1.49 million in FY2020 to RM1.52 million in FY2021, mainly due to an increase in purchases of materials and consumables for laboratory testing, and partially offset by a decrease in maintenance fees for the calibration of laboratory equipment.

#### *Depreciation expenses*

Depreciation expenses increased by RM0.03 million or 3.9%, from RM0.89 million in FY2020 to RM0.92 million in FY2021, mainly due to an increase in depreciation of property, plant and equipment of RM0.11 million and partially offset by a decrease in depreciation of right-of-use assets of RM0.08 million. The increase in depreciation of property, plant and equipment was mainly due to the addition of motor vehicles, and tools and equipment in FY2021. The decrease in depreciation of right-of-use assets was mainly due to the settlement of a hire purchase relating to a motor vehicle in FY2020.

#### *Loss allowance on receivables, net*

Our Group recorded a net loss allowance on receivables of RM0.06 million in FY2021, as compared to a net reversal of loss allowance of RM0.02 million in FY2020, mainly due to slower repayment of trade receivables in FY2021.

#### *Employee benefits expense*

Employee benefits expense increased by RM0.12 million or 2.0%, from RM6.07 million in FY2020 to RM6.19 million in FY2021, mainly due to an increase in salaries, bonuses and other staff benefits of RM0.24 million and partially offset by a decrease in directors' fee of RM0.15 million.

#### *Other expenses*

Other expenses increased by RM0.34 million or 21.0%, from RM1.63 million in FY2020 to RM1.97 million in FY2021, mainly due to the provision of sales and services tax expense. Please refer to section entitled "Risk Factors – Risks relating to our overseas operations and operations in Malaysia – We may be subject to tax audit and investigations in Malaysia" for further details on the provision of sales and services tax.

#### *Finance costs*

Finance costs decreased by RM0.03 million or 12.9%, from RM0.26 million in FY2020 to RM0.23 million in FY2021, mainly due to the decrease in interest expenses from lease liabilities and from bank borrowings, as a result of lease payments for motor vehicles and office premises, and the repayment of bank borrowings respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### *Profit before income tax*

As a result of the above, our profit before tax increased by RM0.42 million or 6.7%, from RM6.19 million in FY2020 to RM6.61 million in FY2021.

### *Income tax expense*

Income tax expense increased by RM0.16 million or 10.5%, from RM1.50 million in FY2020 to RM1.66 million in FY2021, mainly due to an increase in current income tax expense in line with the increase in profit before tax and adjustments due to an underprovision of income tax expense in respect of prior financial years.

### **3M2022 vs 3M2021**

#### *Revenue*

Revenue increased by RM0.42 million or 10.4%, from RM4.00 million in 3M2021 to RM4.42 million in 3M2022, mainly due to a general increase in demand for laboratory testing services by RM0.38 million and an increase in revenue from certification services by RM0.04 million. The increase in revenue from laboratory testing services was mainly due to general recovery in the economy with the easing of COVID-19 restrictions.

#### *Other income*

Other income increased by RM0.10 million or 226.1%, from RM0.04 million in 3M2021 to RM0.14 million in 3M2022, mainly due to government wage subsidy of RM0.11 million in 3M2022 as compared to nil in 3M2021.

#### *Materials, consumables and subcontractor costs*

Materials, consumables and subcontractor costs increased by RM0.09 million or 23.9%, from RM0.36 million in 3M2021 to RM0.45 million in 3M2022, in line with the increase in revenue.

#### *Depreciation expenses*

Depreciation expenses increased by RM0.05 million or 24.5%, from RM0.21 million in 3M2021 to RM0.26 million in 3M2022, due to an increase in depreciation of property, plant and equipment of RM0.05 million. The increase in depreciation of property, plant and equipment was mainly attributable to depreciation for renovation which was transferred from construction work-in-progress.

#### *Loss allowance on receivables, net*

Net loss allowance on receivables increased by approximately RM16,000 or 279.7%, from approximately RM6,000 in 3M2021 to approximately RM22,000 in 3M2022 mainly due to higher gross trade receivables as at 31 March 2022 as compared to 31 March 2021.

#### *Employee benefits expense*

Employee benefits expense decreased by RM0.11 million or 6.4%, from RM1.62 million in 3M2021 to RM1.51 million in 3M2022, mainly due to absence of underprovision of bonus in FY2020 which was expensed off in 3M2021.

#### *Other expenses*

Other expenses increased by RM0.08 million or 20.7%, from RM0.40 million in 3M2021 to RM0.48 million in 3M2022, mainly due to an increase in professional fees, printing and stationery expenses, and advertisement expenses.

#### *Finance costs*

Finance costs decreased by RM6,000 or 10.7%, from approximately RM57,000 in 3M2021 to approximately RM51,000 in 3M2022 mainly due to a decrease in interest expenses from lease liabilities and from bank borrowings, as a result of lease payments for motor vehicles and office premises, and the repayment of bank borrowings respectively.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### *Profit before income tax*

As a result of the above, our profit before income tax increased by RM0.39 million or 27.7%, from RM1.41 million in 3M2021 to RM1.80 million in 3M2022.

### *Income tax expense*

Income tax expense increased by RM0.04 million or 12.0%, from RM0.32 million in 3M2021 to RM0.36 million in 3M2022, mainly due to an increase in current income tax expenses in line with the increase in profit before tax, and deferred tax expenses recognised in 3M2022 as compared to a deferred tax credit in 3M2021.

## REVIEW OF FINANCIAL POSITION

### **Non-Current Assets**

Non-current assets comprise property, plant and equipment and right-of-use assets. Non-current assets amounted to RM8.96 million, RM9.51 million, RM9.27 million and RM9.18 million which accounted for 52.1%, 41.2%, 44.2% and 42.0% of our total assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### *Property, plant and equipment*

Property, plant and equipment comprise computer equipment, freehold land and building, motor vehicles, office equipment, tools and equipment, renovation, and construction work-in-progress. Property, plant and equipment amounted to RM6.68 million, RM7.30 million, RM7.33 million and RM7.31 million which accounted for 74.6%, 76.8%, 79.1% and 79.6% of our total non-current assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. Property, plant and equipment increased by RM0.62 million as at 31 December 2020 mainly due to purchases of tools and equipment, and additions to construction work-in-progress in relation to the renovation of our office and laboratory in Penang.

### *Right-of-use assets*

Right-of-use assets relate to leases of office premises and hire purchase of motor vehicles. Right-of-use assets amounted to RM2.28 million, RM2.21 million, RM1.94 million and RM1.87 million which accounted for 25.4%, 23.2%, 20.9% and 20.4% of our total non-current assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. The decrease in right-of-use assets for each of the financial years and for the financial period ended 31 March 2022 was mainly due to the depreciation of the right-of-use assets.

### **Current Assets**

Current assets comprise mainly trade and other receivables, prepayments, financial assets at FVTPL, and cash and bank balances. Current assets amounted to RM8.23 million, RM13.56 million, RM11.72 million and RM12.67 million, and accounted for 47.9%, 58.8%, 55.8% and 58.0% of our total assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### *Trade and other receivables*

Trade and other receivables comprise (i) trade receivables from third parties, (ii) other receivables from third parties, associate and directors, and (iii) deposits. Trade and other receivables amounted to RM2.70 million, RM2.71 million, RM2.66 million and RM3.03 million which accounted for 32.8%, 20.0%, 22.7% and 24.0% of our total current assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. The increase in trade and other receivables of RM0.37 million as at 31 March 2022 was mainly due to an increase in trade receivables as a result of higher revenue in 3M2022 as compared to 3M2021.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### *Prepayments*

Prepayments amounted to RM0.15 million, RM0.07 million, RM0.74 million and RM1.13 million which accounted for 1.8%, 0.5%, 6.3% and 9.0% of our total current assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. The increase in prepayments of RM0.67 million as at 31 December 2021 and RM0.39 million as at 31 March 2022 was mainly due to prepayment of Listing expenses.

### *Financial assets at fair value through profit or loss*

Financial assets at FVTPL amounted to RM4.78 million, RM10.05 million, RM7.21 million and RM7.37 million which accounted for 58.1%, 74.1%, 61.5% and 58.2% of our total current assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. The increase in financial assets at FVTPL of RM5.27 million as at 31 December 2020 was mainly due to an increase in placements of money market funds with financial institutions during FY2020, and a decrease in such financial assets of RM2.84 million as at 31 December 2021 was mainly due to the net redemption of money market funds for payment of dividends.

### *Cash and bank balances*

Cash and bank balances amounted to RM0.60 million, RM0.73 million, RM1.11 million and RM1.12 million which accounted for 7.3%, 5.4%, 9.4% and 8.9% of our total current assets as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### **Equity**

Equity comprises share capital, reserves and retained earnings. Equity amounted to RM11.08 million, RM15.86 million, RM14.31 million and RM15.74 million as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### **Non-Current Liabilities**

Non-current liabilities comprise other payables, lease liabilities and deferred tax liabilities. Non-current liabilities amounted to RM2.60 million, RM2.68 million, RM2.41 million and RM2.36 million, and accounted for 42.5%, 37.1%, 36.1% and 38.6% of our total liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### *Other payables*

Non-current other payables relate to deferred grant income received from SME Corporation Malaysia for capital expenditure incurred for the purchases of laboratory related equipment. Non-current other payables amounted to RM0.30 million, RM0.27 million, RM0.23 million and RM0.22 million which accounted for 11.7%, 9.9%, 9.4% and 9.2% of our total non-current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### *Lease liabilities*

Non-current lease liabilities relate to amounts due for leases of office premises and hire purchase of motor vehicles. Non-current lease liabilities amounted to RM2.08 million, RM2.11 million, RM1.86 million and RM1.80 million which accounted for 80.0%, 78.8%, 77.3% and 76.6% of our total non-current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. The increase in non-current lease liabilities of RM0.03 million as at 31 December 2020 was mainly due to the addition of leases of office premises. The decrease in non-current lease liabilities of RM0.25 million as at 31 December 2021 and of RM0.06 million as at 31 March 2022 was due to lease payments.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### *Deferred tax liabilities*

Deferred tax liabilities are attributable to temporary differences arising from the accelerated tax depreciation computed at Malaysia's income tax rate of 24%. Deferred tax liabilities amounted to RM0.22 million, RM0.30 million, RM0.32 million and RM0.33 million which accounted for 8.4%, 11.3%, 13.3% and 14.2% of our total non-current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### **Current Liabilities**

Current liabilities comprise trade and other payables, bank borrowings, lease liabilities, contract liabilities and income tax payables. Current liabilities amounted to RM3.52 million, RM4.54 million, RM4.27 million and RM3.75 million, and accounted for 57.5%, 62.9%, 63.9% and 61.4% of our total liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### *Trade and other payables*

Current trade and other payables comprise (i) trade payables to third parties, (ii) other payables to third parties and related parties, (iii) accrued expenses, (iv) deferred grant income and (v) sales and services tax. Current trade and other payables amounted to RM0.78 million, RM1.53 million, RM1.61 million and RM1.24 million which accounted for 22.1%, 33.7%, 37.7% and 33.0% of our total current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

The increase in current trade and other payables of RM0.75 million as at 31 December 2020 was mainly due to an increase in trade payables to third parties in tandem with the increase in purchases of materials, consumables and subcontractor costs, and an increase in accrued expenses, mainly attributable to an increase in accrued employee benefits expenses which were not yet settled as at the end of FY2020.

The decrease in trade and other payables of RM0.37 million as at 31 March 2022 was mainly due to a decrease in trade payables, accrued expenses and sales and services tax payables. The decrease in trade payables was mainly due to more prompt payment by our Group to our suppliers. The decrease in accrued expenses was mainly due to payment of accrued bonuses. The decrease in sales and services tax payable was mainly due to provision of one month of SST payable in March 2022 as compared to two months of SST payable in December 2022 since SST is payable on a bi-monthly basis.

### *Bank borrowings*

Bank borrowings comprise of 2 term loans for the acquisition of properties which house our offices and laboratories. Bank borrowings amounted to RM2.31 million, RM2.21 million, RM2.07 million and RM2.03 million which accounted for 65.7%, 48.6%, 48.5% and 54.2% of our total current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### *Lease liabilities*

Current lease liabilities amounted to RM0.27 million, RM0.28 million, RM0.25 million and RM0.24 million which accounted for 7.7%, 6.2%, 5.7% and 6.3% of our total current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively.

### *Contract liabilities*

Contract liabilities relate to unsatisfied performance obligations when our Group issues billing to customers. Unsatisfied performance obligations relate to goods or services (mainly laboratory testing services) for which our Group has received consideration in advance from our customers, but has yet to provide such goods or services. Contract liabilities amounted to RM0.08 million, RM0.28 million, RM0.25 million and RM0.24 million which accounted for 2.2%, 6.1%, 5.8% and 6.3% of our total current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. The increase in contract liabilities as at 31 December 2020 was due to payment in advance from customers for goods which have yet to be delivered as at end of FY2020. The delivery of said goods in FY2021 had contributed to the decrease in contract liabilities as at 31 December 2021.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### *Income tax payables*

Income tax payables amounted to RM0.08 million, RM0.24 million, RM0.10 million and approximately RM4,000 which accounted for 2.3%, 5.3%, 2.2% and 0.1% of our total current liabilities as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 respectively. The increase in income tax payables of RM0.16 million as at 31 December 2020 was mainly due to the final amount of taxes assessed being higher than taxes provided for and paid during the year which resulted in additional provision for tax payable. The decrease in income tax payables of RM0.14 million as at 31 December 2021 was mainly due to a smaller difference between the final amount of taxes assessed and the taxes provided for and paid during the year. The decrease in income tax payables of RM0.09 million as at 31 March 2022 was mainly due to taxes paid were higher than the provisions made for 3M2022.

### **Working Capital**

Working capital increased by RM4.31 million from RM4.72 million as at 31 December 2019 to RM9.03 million as at 31 December 2020, mainly due to an increase in financial assets at FVTPL of RM5.27 million, which was partially offset by an increase in trade and other payables of RM0.75 million.

Working capital decreased by RM1.58 million from RM9.03 million as at 31 December 2020 to RM7.45 million as at 31 December 2021, mainly due to a decrease in financial assets at FVTPL of RM2.84 million, which was partially offset by an increase in prepayments of RM0.67 million and an increase in cash and bank balances of RM0.37 million.

Working capital increased by RM1.47 million from RM7.45 million as at 31 December 2021 to RM8.92 million as at 31 March 2022, mainly due to an increase in trade and other receivables of RM0.38 million, an increase in prepayments of RM0.39 million, and a decrease in trade and other payables of RM0.37 million.

### **LIQUIDITY AND CAPITAL RESOURCES**

During the Period Under Review, we financed our growth and operations through a combination of shareholders' equity (including retained profits), net cash generated from operating activities, borrowings and hire purchases from financial institutions. Our principal uses of cash have been for (i) working capital requirements, (ii) capital expenditures, (iii) dividend payments, (iv) repayment of bank borrowings and (v) lease repayments.

As at 31 December 2021, our shareholders' equity amounted to RM14.31 million, and indebtedness to financial institutions amounted to RM2.12 million (comprising bank borrowings and lease liabilities for motor vehicles). Our Group had cash and bank balances of RM1.11 million, financial assets at FVTPL of RM7.21 million and working capital of RM7.45 million as at 31 December 2021.

As at 31 March 2022, our shareholders' equity amounted to RM15.74 million, and indebtedness to financial institutions amounted to RM2.06 million (comprising bank borrowings and lease liabilities for motor vehicles). Our Group had cash and bank balances of RM1.12 million, financial assets at FVTPL of RM7.37 million and working capital of RM8.92 million as at 31 March 2022.

In assessing whether we have sufficient working capital, our Directors have considered the following:

- (a) we generated positive cash flow from operating activities in FY2021 and 3M2022 of RM5.20 million and RM0.49 million respectively;
- (b) our cash and bank balances amounted to RM1.96 million and our financial assets at FVTPL amounted to RM6.90 million as at the Latest Practicable Date;
- (c) the expected repayment of our Group's bank borrowings and lease liabilities for motor vehicles in the next 12 months after Listing. As at the Latest Practicable Date, our Group's outstanding bank borrowings and lease liabilities amounted to RM1.97 million;

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

- (d) the potential impact of the COVID-19 pandemic (if any) on our Group's business and financials post-Listing;
- (e) our Group's lease commitments and planned capital expenditures (including the intended and planned renovation of the Group's premises, and the purchases of new equipment and machineries) in the next 12 months after Listing; and
- (f) our Group's intention to recommend and distribute the stipulated dividends as set out in the section entitled "Dividend Policy" of this Offer Document.

Proceeds from the Listing have not been considered in assessing whether our Group has sufficient working capital.

Having considered the factors above, our Directors are of the view that after taking into account the cash flows generated from our operating activities, our existing cash and bank balances, and existing financial assets at FVTPL, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor and Issue Manager is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the factors set out above, the cash flows generated from our Group's operating activities, our Group's existing cash and bank balances, and existing financial assets at FVTPL, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for its present requirements and for at least 12 months after the listing of the Company on Catalist.

We set out below a summary of our combined statements of cash flows for the Period Under Review. The following net cash flow summary should be read in conjunction with the full text of this Offer Document, including the "Independent Auditor's Report and Audited Combined Financial Statements of LMS Compliance Ltd. and its Subsidiaries for the Financial Years Ended 31 December 2019, 2020 and 2021," and the "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its Subsidiaries for the Financial Period from 1 January 2022 to 31 March 2022" as set out in Appendices A and B of this Offer Document.

(RM'000)	← Audited →			Unaudited
	FY2019	FY2020	FY2021	3M2022
Net cash from operating activities	5,793	6,917	5,195	489
Net cash (used in)/from investing activities	(3,968)	(6,236)	2,327	(313)
Net cash used in financing activities	(3,506)	(549)	(7,150)	(158)
<b>Net changes in cash and bank balances</b>	<b>(1,681)</b>	<b>132</b>	<b>372</b>	<b>18</b>
Cash and bank balances at beginning of financial year/period	2,283	602	734	1,106
<b>Cash and bank balances at end of financial year/period</b>	<b>602</b>	<b>734</b>	<b>1,106</b>	<b>1,124</b>

### FY2019

Net cash from operating activities of RM5.79 million comprised operating profit before changes in working capital of RM5.83 million, net working capital inflow of RM0.74 million and net income tax paid of RM0.78 million.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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The net working capital inflow was mainly due to an increase in trade and other payables of RM0.89 million, partially offset by an increase in prepayments of RM0.11 million. The increase in trade and other payables was mainly due to provision for sales and services tax, and an increase in accrued directors' fees. The increase in prepayments was mainly due to the prepayments for (i) repair and support services for laboratory equipment and instruments, (ii) rental for office premises, and (iii) application fees for trademarks and patents.

Net cash used in investing activities of RM3.97 million was mainly due to the net placement of financial assets at FVTPL of RM2.77 million and purchases of property, plant and equipment of RM1.20 million.

Net cash used in financing activities of RM3.51 million was due to the repayments of bank borrowings and lease liabilities of RM0.50 million, and payment of dividends of RM3.01 million.

### **FY2020**

Net cash from operating activities of RM6.92 million comprised operating profit before changes in working capital of RM7.27 million, net working capital inflow of RM0.91 million and net income tax paid of RM1.26 million.

The net working capital inflow was mainly due to an increase in trade and other payables of RM0.64 million and an increase in contract liabilities of RM0.20 million. The increase in trade and other payables was mainly due to an increase in accrued expenses, mainly attributable to an increase in accrued employee benefits expenses which are not yet settled as at the end of FY2020, and trade payables to third parties in tandem with the increase in purchases of materials, consumables and subcontractor costs. The increase in contract liabilities was mainly due to advance payments from customers for goods which have yet to be delivered as at end of FY2020.

Net cash used in investing activities of RM6.24 million was mainly due to the net placement of financial assets at FVTPL of RM5.11 million and purchases of property, plant and equipment of RM1.13 million.

Net cash used in financing activities of RM0.55 million was due to the repayment of bank borrowings and lease liabilities of RM0.63 million, partially offset by proceeds from the issuance of ordinary shares of RM0.08 million by MY CO2 (Certification MY).

### **FY2021**

Net cash from operating activities of RM5.20 million comprised operating profit before changes in working capital of RM7.65 million, net working capital outflow of RM0.66 million and net income tax paid of RM1.79 million.

The net working capital outflow was mainly due to an increase in prepayments of RM0.68 million, which was mainly attributable to the prepayment of professional fees in relation to the Listing.

Net cash from investing activities of RM2.33 million was mainly due to the net redemption of financial assets at FVTPL of RM3.03 million, partially offset by the purchases of property, plant and equipment of RM0.71 million. The net redemption of financial assets at FVTPL amounting to RM3.03 million pertains to the net withdrawal of our investments in money market funds.

Net cash used in financing activities of RM7.15 million was due to the payment of dividends of RM6.50 million and the repayment of bank borrowings and lease liabilities of RM0.65 million.

### **3M2022**

Net cash from operating activities of RM0.49 million comprised operating profit before changes in working capital of RM2.11 million, net working capital outflow of RM1.18 million and net income tax paid of RM0.44 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The net working capital outflow was mainly due to an increase in trade and other receivables of RM0.40 million, an increase in prepayments of RM0.39 million and a decrease in trade and other payables of RM0.38 million. The increase in trade and other receivables was mainly due to higher revenue in 3M2022 as compared to 3M2021. The increase in prepayments was mainly due to the prepayment of professional fees in relation to the Listing. The decrease in trade and other payables was mainly due to a decrease in trade payables, accrued expenses, and sales and services tax payables.

Net cash used in investing activities of RM0.31 million was due to the net placement of financial assets at FVTPL of RM0.14 million, and purchases of property, plant and equipment of RM0.17 million.

Net cash used in financing activities of RM0.16 million was due to the repayment of bank borrowings and lease liabilities.

### CAPITAL EXPENDITURES, DIVESTMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

#### Capital Expenditures and Divestments

Capital expenditures and divestments during the Period Under Review and for the period from 1 January 2022 to the Latest Practicable Date were as follows:

(RM'000)	FY2019	FY2020	FY2021	1 January 2022 to 31 March 2022	1 April 2022 to Latest Practicable Date
<b>Capital expenditures</b>					
Computer equipment	14	184	19	–	28
Freehold land & building	–	–	–	–	–
Motor vehicles	168	35	169	80	34
Office equipment	3	102	4	–	16
Tools and equipment	899 <sup>(1)</sup>	399	306	3	304
Renovation	–	44	19	18	219
Construction work-in-progress	120	364 <sup>(2)</sup>	193	71	20
<b>Total expenditures</b>	<b>1,204</b>	<b>1,128</b>	<b>710</b>	<b>172</b>	<b>621</b>
<b>Divestments<sup>(3)</sup></b>					
Computer equipment	n.m. <sup>(4)</sup>	n.m. <sup>(4)</sup>	n.m. <sup>(4)</sup>	5	–
Freehold land & building	–	–	–	–	–
Motor vehicles	n.m. <sup>(4)</sup>	n.m. <sup>(4)</sup>	n.m. <sup>(4)</sup>	n.m. <sup>(4)</sup>	–
Office equipment	n.m. <sup>(4)</sup>	n.m. <sup>(4)</sup>	7	–	–
Tools and equipment	7	n.m. <sup>(4)</sup>	–	n.m. <sup>(4)</sup>	–
Renovation	n.m. <sup>(4)</sup>	–	–	–	–
Construction work-in-progress	–	–	–	–	–
<b>Total divestments</b>	<b>7</b>	<b>n.m.<sup>(4)</sup></b>	<b>7</b>	<b>5</b>	<b>–</b>

#### Notes:

- (1) This amount was in relation to the purchase of tools and instruments for use in the Group's laboratories to expand and/or increase testing capacity.
- (2) This amount was mainly in relation to the expansion of office premises in Penang.
- (3) The divestment amount relates to the net carrying amount of the disposed or written off assets.
- (4) Denotes not meaningful as the amount is less than RM1,000.

The above capital expenditures in FY2019, FY2020, FY2021, 3M2022 and from 1 April 2022 to the Latest Practicable Date was financed by internally generated funds, bank borrowings and hire purchases.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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### Commitments

#### *Capital commitments*

As at the Latest Practicable Date, our capital commitments amounted to RM0.02 million and these mainly comprised tools and equipment to set up and upgrade the clean room in our Penang premises. We intend to finance the capital commitments by internally generated funds.

#### *Lease commitment*

As at the Latest Practicable Date, our lease liabilities were as follows:-

	<b>As at the Latest Practicable Date (RM'000)</b>
Not later than one year	234
Later than one year and not later than five years	1,066
Later than five years	617
	1,917

Our operating lease commitments relate to leasing of office premises and hire purchases of motor vehicles as disclosed in the sections entitled "Capitalisation and Indebtedness" and "General Information on Our Group – Properties and Fixed Assets" of this Offer Document.

We intend to finance the above lease commitments by internally generated funds and hire purchases.

### Contingent Liabilities

As at the Latest Practicable Date, we do not have any material contingent liabilities.

### FOREIGN EXCHANGE MANAGEMENT

Our Group is not materially exposed to foreign currency risk during the Period Under Review as most of our transactions are carried out in RM.

### SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

Our audited combined financial statements for the financial years ended 31 December 2019, 2020 and 2021, and unaudited interim condensed combined financial statements for the financial period from 1 January 2022 to 31 March 2022 have been prepared in accordance with the SFRS(I)s.

The accounting policies have been consistently applied and our Group has adopted all the new and revised SFRS(I)s that are relevant to our operations and are effective. The adoption of these new or revised SFRS(I)s did not result in any substantial changes to our Group's accounting policies and has no material effect on the amounts reported for FY2019, FY2020, FY2021 and 3M2022, except as detailed below.

#### **SFRS(I) 16 Leases**

SFRS(I) 16 is effective from annual periods beginning on or after 1 January 2019. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees, and requires the lessee to capitalise all leases on the balance sheet by recognising a right-of-use asset and a corresponding lease liability for all leases, except for certain short-term leases and leases of low-value assets. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16. Our Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 January 2019.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

As at the Latest Practicable Date, our Group has no intention to change accounting policies that will result in material adjustments to the "Independent Auditor's Report and Audited Combined Financial Statements of LMS Compliance Ltd. and its Subsidiaries for the Financial Years Ended 31 December 2019, 2020 and 2021," and the "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its Subsidiaries for the Financial Period from 1 January 2022 to 31 March 2022" as set out in Appendices A and B of the Offer Document.

Standards and amendments to SFRS(I) issued, but not yet effective, up to the date of issuance of our Group's financial statements are listed below. Our Group intends to adopt these standards, if applicable, when they become effective. As at the Latest Practicable Date, our Group does not expect the new standards and amendments to standards that have been issued at the end of the reporting period but are not yet effective for FY2021, to result in material adjustments to the "Independent Auditor's Report and Audited Combined Financial Statements of LMS Compliance Ltd. and its Subsidiaries for the Financial Years Ended 31 December 2019, 2020 and 2021" and the "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its Subsidiaries for the Financial Period from 1 January 2022 to 31 March 2022" as set out in Appendices A and B of the Offer Document, post-Listing.

		<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 1-1 (Amendments)	: Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 1-16 (Amendments)	: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments)	: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
SFRS(I) 3 (Amendments)	: Reference to the Conceptual Framework	1 January 2022
SFRS(I) 4 (Amendments)	: Extension of the Temporary Exemption From Applying SFRS(I) 9	To be determined
SFRS(I) 16 (Amendments)	: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
SFRS(I) 17	: Insurance Contracts	1 January 2023
Various	: Amendments to SFRS(I) 17	1 January 2023
SFRS(I) 1-1 and SFRS(I) Practice Statement 2 (Amendments)	: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8	: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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	: Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
Various amendments	: Annual Improvements to SFRS(I)s 2018-2020	1 January 2022



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## GENERAL INFORMATION ON OUR GROUP

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### HISTORY OF OUR GROUP

Our Company was incorporated in the Republic of Singapore on 22 July 2022 under the Companies Act as a private company limited by shares under the name of “LMS Compliance Pte. Ltd.”. On 18 November 2022, our Company was converted into a public company and was renamed as “LMS Compliance Ltd.”. Our Company’s registration number is 202225544C.

Pursuant to the Restructuring Exercise, as more particularly described in the section entitled “Restructuring Exercise” of this Offer Document, our Company has become the holding company of our Group for the purpose of the Listing and holds the entire interest of two (2) subsidiaries, namely, LMS Compliance International and MY CO2 GSB, the latter of which holds the entire interest of six (6) subsidiaries, namely, MY CO2 (Certification MY), MY CO2 (PG), MY CO2 (KL), MY CO2 (JB), Empiric Science and MY CO2.

Our co-founders, being our Executive Director and CEO, Dr. Ooi, and our Executive Director and Chief Development Officer, Ms. Chong, have over 13 years and 22 years of experience respectively in providing testing and/or certification services. They incorporated our first subsidiary, MY CO2, and established the first laboratory of our Group in 2006, which has since been in the business of laboratory testing and/or certification services in Malaysia for over fifteen (15) years. Currently, as the laboratory testing services have been consolidated and provided under our testing division separately (see further details below), MY CO2 instead principally engages in the distribution of conformity assessment technology (including the development of cloud-based applications). Subsequently, we expanded our scale of operations by incorporating other subsidiaries and also expanded our range of services to include assessment, certification and trading. Throughout the years, we believe that we have built up a reputation as a quality and reliable provider of testing and certification services in Malaysia, as a result of our accreditations from the DSM. Please refer to the section entitled “General Information on our Group - Material Licences, Permits, Registrations and Approvals” for more information on our Group’s accreditations.

Within two (2) years of incorporating MY CO2 in 2006, our Group obtained its first ISO/IEC 17025 accreditation in 2008. Thereafter, we undertook our expansion geographically within Malaysia.

In 2011, we expanded to Kuala Lumpur in central Malaysia and incorporated MY CO2 (KL) in Shah Alam in 2015. MY CO2 (KL) is engaged in the provision of third-party testing and assessment services to assist customers in complying with international standards (through our ISO/IEC 17025 accredited laboratories). In 2015, we incorporated MY CO2 (JB) (under our testing division) to facilitate our expansion into the southern state of Malaysia. To streamline our testing operations, we incorporated MY CO2 (PG) in 2017. Thereafter, our testing division was consolidated under these three entities instead. This exercise allowed MY CO2 to focus on distributing conformity assessment technology and providing support (such as human resource, finance and maintenance) services to the rest of our Group. We also have a team of IT engineers in MY CO2 who are trained to maintain our systems. Furthermore, we have established a sales office in Kota Bahru to market and promote our services in July 2022.

Aside from our Group’s geographic expansion, we have also diversified our range of operations and services throughout the years. In 2013, we diversified our operations into the trading of laboratory chemicals, laboratory equipment and laboratory solutions through the incorporation of Empiric Science. Our Group also established MY CO2 (Certification MY) in 2016 as a certification entity providing management system certification services for companies in Malaysia. We also incorporated LMS Compliance International in 2019, and intend to use it for our Group’s expansion and investments in the future into Asia, such as China and Indonesia.

Over the years, our office and laboratory space has also grown from an initial size of not more than 800 square feet to a size of more than 19,000 square feet as at the Latest Practicable Date across three (3) accredited laboratories strategically located in Penang, Shah Alam and Johor Bahru. In recognition of our services, we have also received a number of accreditations and awards. We were accredited with ISO/IEC 17025 and ISO/IEC 17021 by the DSM (for testing laboratories and bodies providing audit and certifications), and were also recognised by the International Laboratory Accreditation Cooperation and

## GENERAL INFORMATION ON OUR GROUP

the International Accreditation Forum. For details of our major accreditations and awards, please refer to the sections entitled “General Information on our Group – Awards, Accreditations and Grants” and “General Information on our Group – Material Licences, Permits, Registrations and Approvals” of this Offer Document.

### KEY MILESTONES

The table below sets forth our key milestones:

Date	Key milestones
2006	Our Group was founded with the incorporation of MY CO2, and establishment of our Group’s first laboratory.
2007	Our Group launched the first version of “aikinz-LIMS”, our laboratory information management system that we use as part of our testing and assessment services.
2008	Our Group achieved its first ISO/IEC 17025 accreditation across seven (7) test parameters in chemistry and microbiology.
2010	We believe we are amongst the first local private laboratories in Malaysia to conduct toy safety testing that complies with the safety standards of the Ministry of Domestic Trade and Consumer Affairs (and such toys will be issued with the “Malaysian Conformity Mark”).
2011	Our Group expanded to Kuala Lumpur in central Malaysia with the setting up of a laboratory there.
2013	Empiric Science was incorporated to diversify into the trading of laboratory chemicals, laboratory equipment and laboratory solutions.
2015	MY CO2 (KL) was incorporated to take over the provision of third party testing and assessment services, which was initially provided by MY CO2.
2015	Our Group expanded to Johor Bahru in south Malaysia, with the establishment of MY CO2 (JB).  MY CO2 (JB) was incorporated to augment the testing services division of our Group.
2016	Our Group launched the first version of “aizenz”, our cloud-based automated workflow ISO certification platform.
2016	Our Group incorporated MY CO2 (Certification MY), which provides audit and management system certification services to our customers.
2017	As part of the ongoing consolidation of our testing and assessment division, our Group established MY CO2 (PG) to provide testing services, in addition to MY CO2 (KL) and MY CO2 (JB).
2018	To complement our testing and assessment services, our Group introduced its first electronic certificate of analysis (which allows test results to be accessed via an embedded QR code). This improves security and traceability of the certificates, as well as reduces costs and likelihood of forgery. Please also refer to the section entitled “General Information on our Group – Business Overview” of this Offer Document for more details.
2020	Our Group first conducted face mask testing that complies with ASTM 2100 and EN 14683:2019 specifications.
2020	After continually updating versions of “aikinz-LIMS” and “aizenz” over the years, our Group commercialised these digital systems and applications by licensing and/or selling these to third party users.
2021	Our Group began licensing our applications such as “aikinz-LIMS” and “aizenz” to third party laboratories operating in Kuching.
2022	Our Group established a sales office in Kota Bahru to market and promote our services.
2022	Our Group launched a digital product, “aisinz”, that provides global real-time surveillance and access to data (such as safety and hygiene information about products or premises) through QR code.

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## GENERAL INFORMATION ON OUR GROUP

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### BUSINESS OVERVIEW

Leveraging on our expertise and know-how, we offer quality testing and certification services for our customers across a gamut of industries, ranging from food and healthcare to industrial and greentech. Currently operating in Penang, Shah Alam and Johor Bahru, and with a sales office in Kota Bahru, we have been in the testing and/or certification business for over fifteen (15) years. Our laboratory testing adheres to both local and international standard methods, and has been accredited by the DSM based on ISO/IEC 17025 standard recognised by the International Laboratory Accreditation Cooperation. During the Period Under Review, our business segments comprise the following:

- (a) provision of testing and assessment services;
- (b) provision of certification services;
- (c) trading of laboratory equipment, laboratory chemicals and laboratory solutions; and
- (d) distribution of conformity assessment technology.

During the Period Under Review, the testing and assessment segment was our largest revenue contributor, contributing approximately 96% to 98% of our Group's total revenue.

#### (a) Testing and Assessment services

Our Group performs laboratory testing and assessment services, including chemical, microbiology, nucleic acid and physical analyses, for clients in the food, feed, fertiliser, pharmaceutical, medical devices, healthcare, industrial and greentech industries. We assist our customers to achieve compliance with industry standards and ensure consumer products' safety.

Our laboratory testing and assessment services are undertaken through MY CO2 (PG), MY CO2 (KL) and MY CO2 (JB), and are offered in our three (3) laboratories strategically located in Penang, Shah Alam and Johor Bahru. Our laboratories are accredited as ISO/IEC 17025 by the DSM (for testing and calibration laboratories), and are recognised by the International Laboratory Accreditation Cooperation. Recognition by the International Laboratory Accreditation Cooperation is required to be obtained on an ongoing basis, in order to carry out our Group's business operations. Based on the International Laboratory Accreditation Cooperation mutual recognition arrangements, our testing methods and results are recognised and accepted globally. Please refer to the section entitled "General Information on our Group – Material Licences, Permits, Registrations and Approvals" for more information.

With our in-house capabilities, we are able to offer a comprehensive suite of laboratory testing and assessment services to our customers.

As at the Latest Practicable Date, we have the capability to conduct over 1,100 accredited tests and over 10,200 non-accredited tests. Our non-accredited tests adhere to international testing standards such as that of AOAC International (formerly known as the Association of Official Agricultural Chemists), American Public Health Association, International Organisation of Standardisation, ASTM International (formerly known as the American Society for Testing and Materials) and British Pharmacopoeia.

#### (I) Testing

##### Food safety and quality

The aim of our testing services is to determine the composition or properties of a product or material to allow businesses, their customers, regulators and other stakeholders to assess the quality and safety of that product or material, validate if the manufacturing process is achieving intended outcomes, as well as check for compliance with the applicable standards and regulations.

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## GENERAL INFORMATION ON OUR GROUP

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### Product safety and quality

We currently offer, *inter alia*, the following testing services:

- (i) microbiological testing for products such as medicine, traditional herbs, cosmetics, food supplements, canned food, general food, animal feed, water, waste water and medical devices;
- (ii) swab and air testing for microorganisms to monitor the effectiveness of sanitation of environments and personal hygiene;
- (iii) food packaging materials, such as plastic containers and aluminium cans, for heavy metal and chemicals hazardous to health (as required under the Food Act 1983 of Malaysia and European standards);
- (iv) pharmaceutical products such as active ingredients in antibiotics and heavy metals in traditional herbs;
- (v) microbiological and heavy metal testing for samples and products that are to be exported. In this regard, we also facilitate health certificate and free sales certificate applications – the latter of which refers to certificates required by importing countries verifying that goods are freely sold, available for export and originate from the exporting country;
- (vi) halal and nucleic acid testing on products such as food products and pharmaceuticals;
- (vii) nutrition facts and labelling. In this regard, our testing services for nutrition facts and labeling meet the statutory requirements of the Food and Drug Administration, United States Department of Agriculture, European Union Directives, Australia, New Zealand, Singapore, Hong Kong, Taiwan, Malaysia, Middle East and other countries;
- (viii) edible oil and petrochemical products for physical parameters and purities. In this regard, we are licensed to test edible oil and petrochemical products under the Federation of Oils, Seeds and Fats Associations Ltd and Malaysian Palm Oil Board;
- (ix) preservatives and pesticides for chemical properties for both consumer and industrial products;
- (x) shelf lives of frozen and non-frozen foods, drinks, medicines and chemicals; and
- (xi) quality of drinking water. In this regard, we provide accredited drinking water testing services in compliance with Malaysian Food Act 1983, Schedule 25 and 25A, and the World Health Organisation drinking water guidelines.

Our testing services for food safety and quality adhere to the international standards of ISO 22000, GMP and HACCP.

### Industry Compliance

Aside from safety and quality requirements, we also provide testing and assessment services for our customers who are required to comply with certain compliance standards in other industries or for other uses, such as *inter alia*, the following:

- (i) face masks used for medical purposes;
- (ii) hand sanitisers;
- (iii) failure analysis in electronic circuit boards;

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## GENERAL INFORMATION ON OUR GROUP

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- (iv) calibration and maintenance of machines and instruments used in microbiology laboratories and healthcare industries;
- (v) lubricants;
- (vi) iron ores;
- (vii) children's toys. In this regard, we are accredited with EN-71 (Part 1, 2, and 3), ISO 8124 (Part 1, 2, and 3) and EN 62115:2020 for toy safety testing standards. Our toy safety testing standards also comply with the safety standards of the Ministry of Domestic Trade and Consumer Affairs of Malaysia and the toys will be affixed with the Malaysian Conformity mark - this means the toys met the safety standards determined by the Ministry of Domestic Trade and Consumer Affairs of Malaysia; and
- (viii) use of hazardous or dangerous substances in electronic and electronic equipment as regulated by the European Standard of Restriction of Hazardous Substances Directive; for compliance with the registration, evaluation, authorisation and restriction of chemicals.

### (II) **Assessment**

Our Group offers a range of assessment services for environment monitoring as well as that for safety and health/industrial hygiene.

#### Environment

Our assessment services adhere to the ISO 14001 standards, and comprise, *inter alia*, the following:

- (i) scheduled waste analysis, and in this regard we are recognised by the Department of Environment of Malaysia;
- (ii) waste characteristics analysis, for compliance with the Environmental Quality Act 1974 of Malaysia, as required by the Department of Environment of Malaysia;
- (iii) boundary noise and noise exposure to neighboring premises, for compliance with the Environmental Quality Act 1974 of Malaysia;
- (iv) environmental pollutant monitoring (such as dust, halogens and heavy metal particulates) in order to meet requirements of the Department of Environment of Malaysia;
- (v) identifying, predicting and evaluating impacts of projects (such as production plants, construction sites, transportation systems) on the environment as required under the Environmental Quality Act 1974 of Malaysia; and
- (vi) water quality analysis.

#### Safety and health

Our assessment services adhere to the ISO 45001 standards, and comprise *inter alia*, the following:

- (i) mobile audiometric test services for the monitoring of employees' noise exposures, as well as identifying area and machinery noise level;

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- (ii) monitoring of employees' exposure to hazardous chemicals. In this regard, we are equipped with the required laboratory equipment and have the competency (through employees recognised by the Department of Occupational Safety and Health ("DOSH") to carry out a chemical exposure monitoring to comply with the Use and Standard of Exposure of Chemicals Hazardous to Health Regulations 2000 under the Occupational Safety and Health Act 1994 of Malaysia;
- (iii) inspecting, testing and examining engineering control equipment such as fume hoods, spray booths and capture hood systems; and
- (iv) providing chemical health risk assessment in the workplace.

Other services provided in respect of safety and health would include:

- (i) provision of disinfection services, disinfection chambers and conducting of COVID-19 health talks; and
- (ii) occupational health doctor services for *inter alia*, health and medical surveillance, pre-employment screening and medical examinations. In this regard, we outsource such services to the third party health doctors who hold the necessary licences for such services.

The general workflow of our testing and assessment services is set out below:

- our customer service department will first receive an enquiry from potential customers on the type of testing and purpose of testing;
- our customer service department will refer such enquiry to the general manager or technical manager of the relevant department, who will then conduct a review in order to determine the testing methodology and issue a suitable quotation to the customer. The testing methodology and appropriate methods and procedures will be selected based on the customer's request and requirements, and depending on the laboratory's available equipment, personnel, facilities and resources. The quotation will be prepared and assessed based on the type of testing, method of testing, accreditation status, quantity of samples and relevant testing costs;
- once the quotation is in agreed form, the customer then sends us their samples for testing or we may collect the samples in some cases, and we conduct testing and analysis of such samples; and
- thereafter, we will issue the result to the customer.

Some of the service agreements we enter into with customers for our testing and assessment services are based on our customers' usual templates. However, to the extent that we use our Group's in-house template, the service agreement would typically include salient terms and conditions such as the scope of services, price and payment terms, obligations of both parties and termination provisions. Our Group does not have a standard practice as to whether to use our Group's in-house templates or the customers' usual templates, as long as the salient terms and conditions required by our Group have been included into the service agreement to be entered into. Whether the customer's usual templates or our Group's in-house templates are used would depend on the specific requirements of the customers and whether the customers are obliged to, or have a preference for, their own in-house templates.

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### (b) Certification services

#### (I) Certification scope

Our subsidiary, MY CO2 (Certification MY), is an ISO/IEC 17021 accredited certification body providing audit and management system certification services, accredited by the DSM. Examples of certification audits we provide include, *inter alia*, the following:

- (i) ISO 9001 - 2015 Quality Management Systems certification;
- (ii) ISO 22000 – 2018 Food Safety Management System certification;
- (iii) ISO 45001 - 2018 Occupational Health & Safety Management System certification; and
- (iv) MS1480 - 2019 Food Safety according to HACCP system.

We assist businesses across certain sectors in meeting the specific needs and expectations of their stakeholders and businesses. Our team of auditors have extensive knowledge of management systems and certifications to provide audits and improve our customers' business processes.

If successfully certified by our Group, organisations shall be permitted to use logos issued by MY CO2 (Certification MY) on their products, such as their stationery and vehicles. The certification mark (shown below on the left) is used to show that the organisation has been certified by our Group to be in compliance with ISO 9001, ISO 45001, ISO 22000, MS 1480 and GMP standards. The accreditation mark (shown below on the right) shows that the certification was accredited by the DSM (only applicable to ISO 9001, ISO 22000, ISO 45001 and MS 1480).

Examples of certification logos and marks that can be used on products include the following:



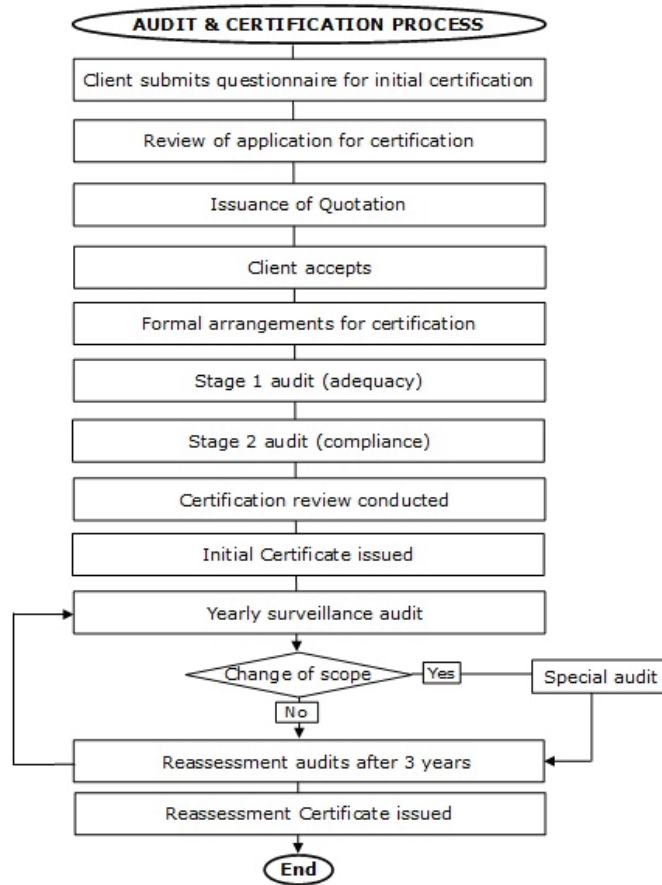
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## GENERAL INFORMATION ON OUR GROUP

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### (II) Certification process

The audit and certification process conducted by our Group is set out in the illustrative diagram below:



#### Initial certification audit

Customers will first submit an enquiry and our customer service department will then send such prospective customers an in-house questionnaire for the purposes of obtaining information from the customers in order to better understand their product and organisation process. This is so that our certification manager can then prepare a mandate/audit program and quotation for the customers based on the scope and stages of audit they require – such quotation will include the continued maintenance of certification via surveillance audits and reassessment audits. After the quotation is agreed with the customer, a service agreement will be entered into, the salient terms of which include the scope of certification required, obligations on the customer and MY CO2 (Certification MY), payment details and suspension and/or withdrawal provisions. The initial certification audit of a management system will then be conducted in two stages.

The Stage 1 audit is carried out to determine the customer's preparedness for their Stage 2 audit. Activities performed during the Stage 1 audit include:

- (i) documentation review;
- (ii) location evaluation
- (iii) employees interviews;
- (iv) audit planning; and
- (v) continuous improvement by the customer.



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If the Stage 1 audit is successfully completed and it is determined that the customer is ready for the Stage 2 audit, we will then conduct the Stage 2 audit. The Stage 2 audit will evaluate the implementation and effectiveness of the customer's management system, and is a full audit of the customer's management system against compliance standards. Any findings of non-conformances will require the customer to undertake corrective actions and submit supporting evidence within a specific time frame.

If the Stage 2 audit is successful, we will then conduct the certification review and certify the customer's management system by issuing an initial certificate. If however, we are not able to verify the implementation of corrections and corrective actions of any major non-conformances within six (6) months after the last day of the Stage 2 audit, we will conduct another Stage 2 audit prior to recommending certification.

### Maintaining certification

Our customers will continue to maintain their certification if such customers continue to satisfy the requirements of the management system standards. In order to determine this, we will conduct the following audits:

- (i) surveillance audits – conducted at least once a calendar year. These are on-site audits but not necessarily full system audits, and will be planned together with the other surveillance activities so that we can ensure that the client's certified management system continues to fulfil requirements between reassessment audits. The general workflow is set out below:
  - the certification manager will plan and schedule the surveillance audit at least one month before the audit due date (being the expiry date of the initial certificate) and shall ensure that such surveillance audit is no later than 12 months from the date of initial certification;
  - the certification manager will schedule a second surveillance audit in the following calendar year, no later than 15 months after the first surveillance audit and at least one month before the audit due date (being the expiry of the initial certificate);
  - during the surveillance audit, the audit team shall verify the effectiveness of corrective actions taken on non-conformities previously identified, record the results of its review and check that customers' use of certification and accreditation marks are in line with proper guidelines; and
  - the audit team will follow up with the customer post-surveillance audit on responses and/or corrective actions required (if any) before updating the certification manager, who will then decide on the action to be taken (if any) and update its records;
- (ii) reassessment audits – conducted and completed before expiry of the initial certification (which would be for a period of three (3) years). These will include an on-site audit that addresses or involves the following:
  - the effectiveness of the management system in its entirety in the light of internal and external changes and its continued relevance and applicability to the scope of certification;
  - demonstrated commitment to maintain the effectiveness and improvement of the management system in order to enhance overall performance;
  - employees interviews; and

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- the effectiveness of the management system with regard to achieving the certified client's objectives and the intended results of the respective management system(s).

The general workflow is as follows:

- the certification manager will plan and schedule for a recertification audit at least two months before the date of expiry of the initial certificate;
- during the recertification audit, the audit team shall verify the effectiveness of corrective actions taken on non-conformities previously identified, record the results of its review and check that customers' use of certification and accreditation marks are in line with proper guidelines; and
- the audit team will follow up with the customer post-surveillance audit on responses and/or corrective actions required (if any) before updating the certification manager. Depending on the results of the reassessment audit as well as the results of the review of the management system over the period of certification and complaints (if any) received from users of the management system, the certification manager will then make a decision on renewing the customer's certification and update its records.

### Special audits

Our Group is able to conduct the following special audits upon request of the customer:

- (i) expansion of scope audits – we can, upon the application of a customer, expand the scope of a certification already granted, undertake a review of the application and determine if any audit activities are necessary to decide whether or not the expansion may be granted. This may be conducted in conjunction with a surveillance audit; and
- (ii) short-notice audits – we can carry out audits upon the requests of certified customers at short notice to investigate complaints, review response to changes in their operations or products, or to follow-up on customers who have their certifications suspended.

### Suspending, restoring and withdrawing certification or reducing scope of certification

We will suspend certification for customers in cases when, for instance:

- the customer's certified management system has persistently or seriously failed to meet certification requirements, including requirements for the effectiveness of the management system;
- the certified customer does not allow surveillance or reassessment audits to be conducted at the required frequencies; or
- the certified customer has voluntarily requested a suspension.

Typically, the suspension would not exceed six months. During a suspension, the customer's management system certification will temporarily be invalid and we will only restore the suspended certification if the issue that has resulted in the suspension has been resolved. Failure to resolve the issues within our prescribed timeline will result in withdrawal or a reduction in the scope of certification.

A reduction in scope would usually exclude parts of the certification that no longer meet the requirements, whereby the certified customer has persistently or seriously failed to meet the certification requirements. Any such reduction will be in line with the requirements of the standard used for certification.

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### (c) Trading

Our Group trades and distributes a broad range of analytical instruments, testing equipment, chemicals, glassware, laboratory consumable items, and markets to manufacturers, government institutions, universities, and research and quality control divisions in various industries such as food, feed, fertiliser, pharmaceutical, medical devices, healthcare, industrial and greentech industries. This business segment is undertaken by our wholly-owned subsidiary, Empiric Science.

Our team of professionals are all highly experienced and can provide advice on the application of analytical instruments and testing equipment.

### (d) Distribution of Conformity Assessment Technology

Our Group markets and distributes online cloud-based applications such as “aikinz-LIMS” and “aizenz”. This business segment is undertaken by our wholly-owned subsidiaries, Empiric Science and MY CO2.

Our “aikinz-LIMS” application is a digital laboratory information management system, which helps our customers to streamline and digitalise laboratory operations. Through “aikinz-LIMS”, users are able to conveniently and electronically generate certificates of analysis which are issued after results of laboratory tests are analysed. Our aikinz-LIMS also increases the traceability of test results via embedded traceable QR codes in test reports, which allows our customers to (i) access their test results quickly at any location, and (ii) safeguard their products against counterfeits which do not have such embedded QR codes. Furthermore, all confidential data and communications are stored in our secured server, which helps to minimise leakage and misappropriation of information and test results.

Having commercialised our “aikinz-LIMS” system in 2020, there are approximately 24,000 online users of “aikinz-LIMS” across 41 countries for the period of one year up to the Latest Practicable Date. We offer a free cloud-based version as well as a more full-fledged paid version, depending on the needs and requirements of the users. The former only includes a sample registration function, whereas the latter paid version includes functions such as quotation, sample registration, sample approval, invoicing and aging modules. Our Group holds the intellectual property rights to the applications and digital products, “aikinz-LIMS”, “aizenz” and “aisinz”, and such applications and digital products are offered non-exclusively to our customers. Our Group generally charges for use of such applications and digital products through payment of a monthly subscription fee.

Our “aizenz” application is a one-stop ISO certification platform that enhances the efficiency of certification process for businesses. It is a three-in-one certification programme consisting of online document hosting, consultation and certification that helps reduce the lead time one would typically take for sourcing and price negotiation with separate external consultants and certification bodies. Further, the platform’s online document management system improves document and process flow, thus saving time and effort for businesses.

In 2022, our Group launched a digital product, “aisinz”, that provides global real-time surveillance and access to data (such as safety and hygiene information about products or premises) through QR code.

### MAJOR CUSTOMERS

Save for one major customer as listed below, there are no other customers that accounted for 5.0% or more of our Group’s total revenue for the Period Under Review. Our Group generally does not enter into long-term contracts with our customers, as it is not industry practice to enter into long-term contracts with customers.

## GENERAL INFORMATION ON OUR GROUP

The table below sets out the major customers which accounted for 5.0% or more of our Group's total revenue for the Period Under Review.

Customer	Type of services provided	Percentage contribution to total revenue (%)			
		FY2019	FY2020	FY2021	3M2022
Kawan Food Manufacturing Sdn Bhd ("Kawan")	Laboratory testing services	5.96	3.14	1.85	2.10

The decrease in revenue contribution from Kawan in FY2020 and FY2021 was mainly due to the conduct of testing and assessment of certain samples in-house by Kawan, after the setting-up of its own in-house laboratory in 2020, hence reducing the number of samples sent to our Group for testing.

To the best of their knowledge, as of the Latest Practicable Date, our Directors are of the view that our business and profitability are not materially dependent on any customer, considering that (i) our Group only has one major customer during the Period Under Review; and (ii) our Group's only major customer accounted for less than 5% of the Group's total revenue since FY2020.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in and/or is involved in the management of, the above major customer.

To the best of our Directors' knowledge and belief, there are no arrangements or understandings with any customers pursuant to which any of our Directors and Executive Officers were appointed.

### MAJOR SUPPLIERS

The table below sets out suppliers which accounted for 5.0% or more of our Group's total purchases for the Period Under Review:

Supplier	Products / services supplied	Percentage contribution to total purchases (%)			
		FY2019	FY2020	FY2021	3M2022
Thermo Fisher group of companies <sup>(1)</sup>	Microbes, chemicals, testing and analytical products, parts and machinery	19.9	15.4	15.3	11.4
Premier Diagnostics Sdn Bhd	Glassware and microbes	8.8	5.2	5.0	4.0
Chemiz (M) Sdn Bhd	Chemicals	6.3	5.3	5.8	5.6
Agilent Technologies Sales (Malaysia) Sdn Bhd	Parts and services	6.0	1.1	2.2	2.4
Air Products Malaysia Sdn Bhd	Rental of cylinders and purchase of gases	4.7	4.1	5.4	5.4
Arachem (M) Sdn Bhd	Microbes and chemicals	5.4	2.9	2.6	2.6

**Note:**

- (1) These companies comprise Thermo Scientific Microbiology Sdn Bhd, Fisher Scientific (M) Sdn Bhd and Thermo Fisher Scientific Malaysia Sdn Bhd. The percentage of total purchases contributed by Thermo Scientific Microbiology Sdn Bhd for FY2019, FY2020, FY2021 and 3M2022 were approximately 17.7%, 13.4%, 11.9% and 8.5% respectively. The percentage of total purchases contributed by Thermo Fisher Scientific Malaysia Sdn Bhd for FY2019, FY2020, FY2021 and 3M2022 were approximately 1.9%, 1.9%, 3.3% and 2.4%. The percentage of total purchases contributed by Fisher Scientific (M) Sdn Bhd for FY2019, FY2020, FY2021 and 3M2022 were approximately 0.3%, 0.1%, 0.1% and 0.5%.

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## GENERAL INFORMATION ON OUR GROUP

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The year-on-year fluctuation in the level of our purchases from the various suppliers was mainly determined by the requirements of our Group's business, including the types and quantities of testing services required by our customers.

To the best of their knowledge, as of the Latest Practicable Date, our Directors are of the view that, our business and profitability are not materially dependent on any supplier, considering that there are alternative suppliers to our Group's major suppliers which our Group has been buying and continues to buy from.

As at the Latest Practicable Date none of our Directors, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in, and/or is involved in the management of, any of the above major suppliers.

To the best of our Directors' knowledge and belief, there are no arrangements or understandings with any suppliers pursuant to which any of our Directors and Executive Officers were appointed.

### CREDIT POLICY

#### Credit Terms to our Customers

Our services are generally provided to our customers on credit terms of 30 to 90 days. The credit terms extended to our customers may differ depending, among others, our customers' creditworthiness, payment history and length of our relationship with the customer.

Our finance team monitors collections from our customers and follows up on overdue amounts. We will decide on a case-by-case basis on actions to be taken to recover long overdue amounts after repeated reminders have been sent to the customer. Such actions may include ceasing dealings with the customer until the overdue payments are made or taking legal action against the customer.

We compute provision for expected credit losses for our trade receivables using a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on our Group's historical observed default rates and this will be adjusted as appropriate to reflect current conditions and forecasts of future economic conditions. Our finance department, together with management (including the Executive Directors), are responsible for monitoring the economic conditions and forecasts in determining when to adjust the provision matrix. Such provision matrix is believed to be generally in line with industry practice. Write-off for trade receivables will be made when the debt has been outstanding for more than a year and when we are of the view that there is no prospect of recovery after actions have been taken to recover the trade receivables respectively.

Our average trade receivables' turnover days for the Period Under Review were as follows:

	FY2019	FY2020	FY2021	3M2022
Average trade receivables' turnover (days) <sup>(1)</sup>	57	59	54	55

**Note:**

- (1) The average trade receivables' turnover days for FY2019, FY2020, FY2021 were computed based on the average trade receivables (net of loss allowance on receivables) divided by revenue multiplied by 365 days. The average trade receivables' turnover days for 3M2022 was computed based on the average trade receivables (net of loss allowance on receivables) divided by revenue multiplied by 90 days.

The increase in average trade receivables' turnover days from FY2019 to FY2020 was mainly due to slower collection as our customers had taken a longer time to settle our invoices as a result of the outbreak of the COVID-19 pandemic. The decrease in average trade receivables' turnover days from FY2020 to FY2021 was due to our increased efforts in monitoring debt collections and following up on payments with our customers.

## GENERAL INFORMATION ON OUR GROUP

The amount of loss allowance on trade receivables (net) and bad debts written off during the Period Under Review were as follows:

	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)
Reversal of loss allowance / (Loss allowance) on receivables (net)	46	19	(55)	(22)
Bad debts written off	3	28	2	-

Our trade receivables, net of loss allowance as at 31 March 2022 amounted to approximately S\$2.87 million. The aging schedule for such trade receivables as at 31 March 2022 was as follows:

Age of trade receivables	Percentage of total trade receivables (%)
Not past due	54.8
Less than 30 days overdue	23.0
30 to 60 days overdue	11.1
More than 60 days overdue	11.1
	100.0

As at the Latest Practicable Date, we have collected RM2.68 million of the net trade receivables (being trade receivables net of loss allowance on receivables) of RM2.87 million that were outstanding as at 31 March 2022.

### Credit Terms from our Suppliers

Our purchases comprise mainly purchases of materials and consumables and subcontractor costs for our laboratory testing and certification services, and goods for our trading activities. Our Group does subcontract certain laboratory testing and certification services (including noise risk assessment services), and in this regard has a list of approved subcontractors that meet certain criteria, including pricing, service quality, competency, reputation and efficiency (and such list is reviewed on an annual basis). The subcontracting arrangements contributed to less than 10% of the total direct costs (being cost of materials and consumables, subcontractor costs, and cost of technical personnel) of our Group during the Period Under Review.

Where we outsource certain of our services to third party service providers, we do not typically enter into any long-term outsourcing agreements but usually raise purchase orders which set out the scope of work. This is because it is not standard industry practice to enter into agreements for subcontracting arrangements, as these are typically carried out on an ad-hoc basis. Moreover, the laboratories which we subcontract testing services to are ISO/IEC 17025: 2017 accredited, while the competent testing subcontractors involved are registered with the DOSH. The auditors which we subcontract audit functions to are registered with the International Register of Certificated Auditors. These subcontractors are thus required to adhere to the standards required of them under these respective accreditations or professional bodies. Our Group has been advised by Chooi & Company + Cheang & Ariff, the legal advisers to the Company on Malaysian law, that under Malaysian Law, purchase orders can be considered contracts if the necessary fulfilments are fulfilled, insofar as they are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. Accordingly, under Malaysian law, our Group would be able to claim against subcontractors in the event of disputes regarding their purchase orders insofar as our Group suffers from a breach of the purchase order. For the Period under Review, there have been no material disputes between our Group and our subcontractors.

The payment terms granted by our suppliers vary and are dependent on various factors, such as the contract value, past transactions with the suppliers and the length of our relationship with them. Generally, the credit terms granted by our suppliers is 30 to 60 days from the date of issue of the invoice.

## GENERAL INFORMATION ON OUR GROUP

Our average trade payables' turnover days for the Period Under Review were as follows:

	FY2019	FY2020	FY2021	3M2022
Average trade payables' turnover (days) <sup>(1)</sup>	21	35	42	19

**Note:**

- (1) The average trade payables' turnover days for FY2019, FY2020 and FY2021 were computed based on the average trade payables divided by purchases of materials and consumables and subcontractor costs multiplied by 365 days. The average trade payables' turnover days for 3M2022 was computed based on the average trade payables divided by purchases of materials and consumables and subcontractor costs multiplied by 90 days.

The increase in average trade payables' turnover days in FY2020 and FY2021 was mainly due to prudent cash flow management. The decrease in average trade payables' turnover days in 3M2022 was mainly due to faster repayments to creditors attributable mainly to higher cash term purchases.

### INVENTORY

The amount of materials and consumables used in our laboratory testing services was not significant at the end of each of the Period Under Review, and we purchase goods for our trading activities upon demand from our customers, thus we have expensed off these costs in our statement of profit and loss.

### PROPERTIES AND FIXED ASSETS

#### Properties

As at the Latest Practicable Date, our Group does not own and has not leased or licensed any properties, save for the following material properties owned, leased or licensed by our Group:

#### Properties owned by our Group

Owner	Location	Area (sq m)	Tenure	Use of Property
MY CO2	No. 40, Jalan Sepadu B25/B, Taman Perindustrian Axis Sek 25, 40400 Shah Alam, Selangor	153	Freehold	Office and laboratory
MY CO2	15, Jalan Molek 1/8, Taman Molek, 81100 Johor Bahru, Johor <sup>(1)</sup>	236	Freehold	Office and laboratory
MY CO2	No. 14, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang <sup>(2)</sup>	258	Freehold	Office
MY CO2	No. 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang <sup>(2)</sup>	435	Freehold	Office and laboratory

**Notes:**

- (1) This property is granted as security to Maybank Islamic Berhad to secure facilities granted by Maybank Islamic Berhad to MY CO2. Please refer to section entitled "Capitalisation and Indebtedness" for further information. As mentioned therein, our Group is in the process of discharging this security as at the date of this Offer Document.
- (2) These properties are granted as security to Alliance Islamic Bank Berhad to secure facilities granted by Alliance Islamic Bank Berhad to MY CO2. Please refer to section entitled "Capitalisation and Indebtedness" for further information.

## GENERAL INFORMATION ON OUR GROUP

### Properties leased by our Group

Tenant / Lessee	Lessor / Sub-lessor	Location	Area (sq m)	Tenure	Use of Property
MY CO2 (JB)	MY CO2 <sup>(1)</sup>	15, Jalan Molek 1/8, Taman Molek, 81100 Johor Bahru, Johor	236	Commencing 1 September 2019 until terminated	Office and laboratory
MY CO2 (JB)	Dr. Ooi. And Ms. Chong <sup>(1)</sup>	11, Jalan Molek 1/8, Taman Molek, 81100 Johor Bahru, Johor <sup>(2)</sup>	236	Commencing 1 September 2019 until 28 July 2022, and for a period of 3 years thereafter	Office and laboratory
MY CO2 (KL)	MY CO2 <sup>(1)</sup>	40, Jalan Sepadu B25/B, Taman Perindustrian Axis Sek 25, 40400 Shah Alam, Selangor	153	Commencing from 1 September 2019 until terminated	Office and laboratory
MY CO2 (KL)	Dr. Ooi and Ms. Chong <sup>(1)</sup>	No. 46, 48 and 50, Jalan Sepadu B25/B, Taman Perindustrian Axis Sek 25, 40400 Shah Alam, Selangor <sup>(3)</sup>	459	Commencing from 1 September 2019 until 28 July 2022 and for a period of 3 years thereafter	Office and laboratory
MY CO2	Eco Meridian Sdn Bhd <sup>(2)</sup>	L02-12B, Level 2, SETIA SPICE Canopy, Pulau Pinang	116	Commencing from 1 January 2022 until 31 December 2024, a period of 3 years	Server room
Empiric Science	My CO2 <sup>(1)</sup>	14, Lengkok Kikik 1, Taman Indrawasih, 13600 Perai, Pulau Pinang <sup>(2)</sup>	258	Commencing from 1 September 2019 until terminated	Office
MY CO2 (PG)	My CO2 <sup>(1)</sup>	16, Lengkok Kikik 1, Taman Indrawasih, 13600 Perai, Pulau Pinang <sup>(2)</sup>	435	Commencing from 1 January 2019 until terminated	Office and laboratory
My CO2 (Certification MY)	My CO2 (KL) <sup>(1)</sup>	No. 40, Jalan Sepadu B25/B, Taman Perindustrian Axis Sek 25, 40400 Shah Alam, Selangor	153	Commencing from 1 April 2022 until terminated	Office

#### Notes:

- (1) The lessor may at any time during the continuance of the tenancy agreement determine the tenancy agreement by giving to the lessee one (1) month's written notice of his or her intention to terminate the tenancy agreement and on the expiration of such notice, the tenancy agreement shall accordingly determine and the lessee shall forthwith yield up peaceable and deliver up vacant possession.
- (2) There are no clauses in the tenancy agreement allowing for unilateral termination by the lessor but the lessor may, upon the occurrence of certain events of default (including but not limited to the non-payment of rent after a prescribed period of time, a default by the lessee in the due observance and performance of any of its undertakings, terms or covenants under the tenancy agreement, and liquidation of the lessee), terminate the tenancy agreement. Eco Meridian Sdn Bhd is not a related party of our Group or any of our Directors.
- (3) Our Group intends to renovate the premises at 14 and 16, Lengkok Kikik 1, Taman Indrawasih, 13600 Perai, Pulau Pinang, Malaysia, 46, 48 and 50, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia and 11, Jalan Molek 1/8, Taman Molek 81100 Johor Bahru, Johor, Malaysia. Our Group has commenced renovation on the premises at 14 and 16, Lengkok Kikik 1, Taman Indrawasih, 13600 Perai, Pulau Pinang and will commence renovation for the premises at 11, Jalan Molek 1/8, Taman Molek 81100 Johor Bahru, Johor, Malaysia in the fourth quarter of 2022. Our Group intends to renovate the premises at 46, 48 and 50, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia in 2023, subject to the receipt of approvals from Shah Alam City Council. The purpose of such renovation is mainly to expand our testing facilities on such premises to cater for the expected increase in business in the future. The aggregate estimated amount of expenditure as at the Latest Practicable Date, including the purchase of new equipment and machinery, is approximately RM3.41 million and will be financed by our Group's internally-generated funds. As at the Latest Practicable Date, approximately RM523,000 is expended. The estimated completion of the expansion of all premises is in the fourth quarter of 2023. The anticipated increase in testing capacity after completion of the renovations is 50% for each expanded premises at 46, 48 and 50, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia and 11, Jalan Molek 1/8, Taman Molek 81100 Johor Bahru, Johor, Malaysia. No material increase in testing capacity for the premises at 14 and 16, Lengkok Kikik 1, Taman Indrawasih, 13600 Perai, Pulau Pinang, Malaysia is anticipated.



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## GENERAL INFORMATION ON OUR GROUP

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There are no encumbrances on the above leases of our Group.

Save as disclosed above, none of our lessors may unilaterally terminate the respective leases without cause. Our Directors are of the view that any unilateral termination by any lessor is unlikely as such lessors are either our Group Companies or our controlling shareholders and accordingly, their interests would be aligned with the interests of our Group and its shareholders. Furthermore, our controlling shareholders have given undertakings to our Group undertaking not to unilaterally terminate the tenancy agreements without cause for so long as the Company remains listed on the SGX-ST. Such undertakings have no termination provisions.

As at the Latest Practicable Date, our Directors are not aware of any existing breach of any of the terms and conditions of, or any obligations under the abovementioned lease agreements that would result in the termination by the lessors.

### **Fixed Assets**

As at 31 March 2022, we had fixed assets comprising computer equipment, freehold land and building, motor vehicles, office equipment, tools and equipment, renovation and construction work-in-progress. Please refer to Appendix B – the Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its Subsidiaries for the financial period from 1 January 2022 to 31 March 2022 of this Offer Document for further information on our fixed assets.

To the best of our Directors' knowledge, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets.

As at the Latest Practicable Date, save for the properties as disclosed above, none of our fixed assets was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowing and finance lease.

### **SALES AND MARKETING**

The overall business development, including our sales and marketing activities, are headed by our Executive Director and CEO, Dr. Ooi and our Executive Director and Chief Development Officer, Ms. Chong. They formulate our Group's overall and overarching business strategies, expansion plans and long-term marketing strategies with inputs from our Executive Officers. Our Executive Officers will then execute such plans with the assistance of our sales and marketing team, to secure new sales orders.

As at the Latest Practicable Date, our marketing department consists of fifteen (15) employees. We rely largely on word-of-mouth marketing and referrals from existing customers, as well as social media marketing to promote our sales and marketing efforts. Our Group also conducts face-to-face visitations and cold calls to potential customers, and participates in trade fairs in Malaysia to raise our Group's profile. Our sales and marketing team is also responsible for maintaining existing customer relationships.

In view of our Executive Directors, Dr. Ooi's and Ms. Chong's extensive experience in this industry and strong personal network and connections, Dr. Ooi and Ms. Chong also undertake the following roles and responsibilities such as (i) introducing customers from their personal network to our Group; (ii) understanding and analysing market information and trends to advise our Group on marketing strategies and planning; (iii) maintaining customer relationships; (iv) offering advice to develop sales forecasting and developing and managing marketing budgets; (v) overseeing the marketing plan and providing analytics reviews; and (vi) advising the management on sales and marketing matters from time to time.

### **QUALITY ASSURANCE AND QUALITY CONTROL**

Generally, we believe that our brand is built on our reputation and track record of providing quality services and therefore quality assurance is a key area of focus for our Group.

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## GENERAL INFORMATION ON OUR GROUP

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The quality control measures adopted by our Group include the following:

- Annual participation in proficiency testing programs organised by local organisers such as the Department of Chemistry Malaysia and international proficiency organisers. Participating in such programs ensures our laboratories can consistently maintain our standard and quality of testing and results as it instills confidence in our staff, management as well as external users of our laboratory services. We are also able to identify any testing or measurement issues and improve our precision and accuracy of testing and measurement methods.
- Participation in periodic inter-laboratory comparisons organised and initiated by certification bodies or industry peers such as competing third party-laboratories and our customers, which is used as the yardstick of quality control for our testing services. Such inter-laboratory comparisons entail the evaluation and comparison of measurements or test results from 2 or more participating laboratories on the same or similar samples by a certification body or by the participating laboratories respectively.
- Daily and/or weekly quality control sample testing is conducted, and results are plotted on a quality control chart to monitor the performance trend and ascertain if such results fall within the usual range and limits.
- We have a quality assurance committee that conducts ad-hoc quality cycle meetings to discuss quality issues and prevent repeated error recurrences. The quality assurance committee is led by our Chief Compliance Officer, and consists of our Chief Development Officer as well as four (4) regional quality managers.
- We are subject to external audits on an annual basis by various regulatory authorities such as the DSM, Ministry of Health (food safety division), National Pharmaceutical Regulatory Agency, Malaysia Palm Oil Board, Department of Veterinary Services; as well as our customers, to ensure that our testing services conform to international standards and regulations. In this regard, our customers will either conduct on-site due diligence visits or online audits (through interview questionnaires and data collection) prior to engaging us and/or during the engagement.

### AWARDS, ACCREDITATIONS AND GRANTS

Our Group has received the following awards, accreditations and grants:

Name of award, accreditation or grant	Awarding organisation	Obtained by	Date obtained/ date of expiry
ISO/IEC 17025: 2017 accreditation - in relation to competence of testing and calibration laboratories	Department of Standards Malaysia	MY CO2 (PG)	Obtained on 4 June 2021; Expires 29 January 2023
ISO/IEC 17025: 2017 accreditation - in relation to competence of testing and calibration laboratories	Department of Standards Malaysia	MY CO2 (KL)	Obtained on 19 August 2021; Expires 19 September 2024
ISO/IEC 17025: 2017 accreditation - in relation to competence of testing and calibration laboratories	Department of Standards Malaysia	MY CO2 (JB)	Obtained on 24 August 2021; Expires 17 December 2024
ISO/IEC 17021 accreditation - for the field of Hazard Analysis Critical Control Point Systems	Department of Standards Malaysia	MY CO2 (Certification MY)	Obtained on 17 November 2020; Expires 18 August 2026
ISO/IEC 17021 accreditation - for the field of Food Safety Management Systems	Department of Standards Malaysia	MY CO2 (Certification MY)	Obtained on 30 August 2021; Expires 18 August 2026

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## GENERAL INFORMATION ON OUR GROUP

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Name of award, accreditation or grant	Awarding organisation	Obtained by	Date obtained/ date of expiry
ISO/IEC 17021 accreditation - for the field of Occupational Safety and Health Management Systems	Department of Standards Malaysia	MY CO2 (Certification MY)	Obtained on 2 November 2021; Expires 18 August 2026
ISO/IEC 17021 accreditation - for the field of Quality Management Systems	Department of Standards Malaysia	MY CO2 (Certification MY)	Obtained on 2 November 2021; Expires 18 August 2026
Enterprise 50 (E50) Awards (Top 10) – this programme recognises contributions and achievements made by SMEs	Small and Medium Enterprise Corporation Malaysia and Deloitte Malaysia	MY CO2	Obtained in 2013. There is no expiry date.
Enterprise 50 (E50) Awards (Top 10) – this programme recognises contributions and achievements made by SMEs	Small and Medium Enterprise Corporation Malaysia and Deloitte Malaysia	MY CO2	Obtained in 2016. There is no expiry date.
Enterprise 50 (E50) Awards (Top 10) – this programme recognises contributions and achievements made by SMEs	Small and Medium Enterprise Corporation Malaysia and Deloitte Malaysia	MY CO2 (KL)	Obtained in 2019. There is no expiry date.
SME100 Awards – this programme recognises fast-growing and resilient SMEs	Business Media International Sdn Bhd, Small and Medium Enterprises Association Malaysia	Empiric Science	Obtained in 2022. There is no expiry date.
Golden Bull Award 2022 – Outstanding SME Award – this programme recognises top performing SMEs	Business Media International Sdn Bhd	Our Group	Obtained in 2022. There is no expiry date.

Our Group has also complied with all conditions and requirements imposed by the relevant authorities/regulatory bodies, for the awards, grants and accreditations listed above.

The Quality Assurance team of our Group will oversee the validity of our Group's accreditations. Where the remaining validity is less than 12 months, the Quality Assurance team will take the necessary steps to renew such accreditations before expiry. Our Group does not foresee difficulty in the renewal of such accreditations as we had been able to renew them without any material issue previously. In view of the foregoing, no material adverse impact to our Group's operations and financials is expected.

### RESEARCH AND DEVELOPMENT

Our research and development activities are primarily split into two workstreams: new product development and new workflow digitalisation. The amounts spent on research and development during the Period Under Review were insignificant.

#### New Product Development

Although we do not carry out conventional research and development activities and such activities are not material to our business, we have designed and developed new products that complement our business. One of the products we designed and developed is the stack sampler (Model: Burg SS1 air sampler set), the purpose of which is to test air samples for harmful particles, based on United States Environmental Protection Agency isokinetic methods. Moreover, the stack sampler can perform various sampling methods to determine stack moisture content, particulates, sulfur oxides, nitrogen oxides, hydrogen halides, and heavy metals that comply with the Environmental Quality (Clean Air) Regulations 2014.

## GENERAL INFORMATION ON OUR GROUP

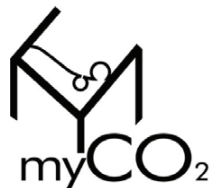





### **New Workflow Digitalisation**

Our Group started to digitalise our workflow processes and systems in 2007 by developing our in-house conformity assessment technology, “aikinz-LIMS” and “aizenz”, and we have launched various improved versions of “aikinz-LIMS” and “aizenz” since to comply with governmental policies and our internal operational requirements. We have also started to commercialise our “aikinz-LIMS” and “aizenz” systems in 2020. We aim to further develop these systems (e.g. adding technical capabilities in artificial intelligence and data analytics) to enhance our products. Please refer to “General Information on our Group – Business Strategies and Future Plans” for more details.

### **INTELLECTUAL PROPERTY RIGHTS**

#### **Registered Trademarks**

As at the Latest Practicable Date, our Group owns the following trademarks which are material to our business:

Trademark	Registered Proprietor	Class Code	Country of Registration	Expiry Date of Trade Mark / Licence	Trade Mark Number
	MY CO2	35 <sup>(1)</sup>	Malaysia	23 January 2030	TM2020001600
	MY CO2	42 <sup>(2)</sup>	Malaysia	9 January 2024	2014050322
	MY CO2	35 <sup>(1)</sup>	Malaysia	23 January 2030	TM2020001603
	MY CO2	42 <sup>(2)</sup>	China	13 January 2031	42424503
	MY CO2	35 <sup>(1)</sup>	China	6 September 2030	42402774
	MY CO2	42 <sup>(2)</sup>	China	6 September 2030	42405198

#### **Notes:**

- (1) Class 35: Advertising; business management; business administration; office functions
- (2) Class 42: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software


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## GENERAL INFORMATION ON OUR GROUP

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### Pending Trademark Applications

As at the Latest Practicable Date, our Group has made an application to the Intellectual Property Office in Malaysia of the following trademark which are material to our business:

Trademark	Applicant	Class Code	Country of Application	Trade Mark Application Number	Status
	MY CO2	42 <sup>(1)</sup>	Malaysia	TM2022020554	Pending <sup>(2)</sup>

#### Notes:

- (1) Class 42: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software
- (2) Our Group expects to successfully register this trademark in 2023, and we are of the view that there are no material implications to the Group if the trademark registration is not obtained prior to Listing because this is a new trademark in a class that our Group does not intend to use currently for our operations.

Save as disclosed above and in the sections entitled “General Information on our Group – Material Licences, Permits, Registrations and Approvals”, our Group does not own or use any trademark, patent or other intellectual property, or grant any other licence for use of such intellectual property to any third party which is material to our business or profitability.

### STAFF TRAINING

We believe that the continued development of our employees is instrumental to the growth of our business in maintaining our competitive edge. We provide our employees with opportunities to develop their skillsets through various training courses.

Some of the internal and external training programmes available to our staff cover the following topics:

- (a) method validation and verification, and measurement uncertainty (being the conducting of tests and statistical calculation to increase accuracy of test results);
- (b) internal audit;
- (c) occupational health and safety practices;
- (d) handling of waste and personal protection equipments; and
- (e) emergency response training.

### INSURANCE

As at the Latest Practicable Date, we have taken up the following insurance policies:

- (a) public liability insurance for accidents suffered by a third party and loss of or damage to property of a third party within Malaysia in connection with our Group’s business activities;
- (b) fire and plate glass insurance for damage caused by fires or by accidental breakage of plate glass;
- (c) term life, medical and personal accident insurance for our Group’s employees;

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- (d) all risks insurance for protection of industrial, commercial or office machinery or equipment (including accessories and peripherals) against theft, fire and lightning, and all other accidental loss or damage;
- (e) money insurance for money within insured premises or in transit between premises;
- (f) professional indemnity insurance; and
- (g) keyman insurance for Dr. Ooi and Ms. Chong.

The aforementioned insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage.

To the best of our Directors' knowledge and belief, the above insurance policies are adequate for the operations of our Group and are in line with market practice. We will procure the necessary additional coverage for our business operations, properties and assets as and when the need arises.

### MATERIAL LICENCES, PERMITS, REGISTRATIONS AND APPROVALS

As at the Latest Practicable Date, our Group has the following licences, permits, registrations and approvals which are material to our business and operations:

#### Malaysia

Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
Certificate of Accreditation  Authority: Department of Standards Malaysia under the Standards of Malaysia Act 1996  Field: Chemical, Mechanical, Microbiology, GMO and Nucleic Acid  Accreditation No.: SMM 384  Accreditation Criteria: ISO/IEC 17025:2017  Laboratory location: 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang, Malaysia	MY CO2 (PG)	Nil	4 June 2021 - 29 January 2023
Recognition of private laboratory for food analysis for the issuance of health certificate	MY CO2 (PG)	1. Revocation of the accreditation issued by the Department of Standards Malaysia (Accreditation No.: SMM 384) to the company will result in an automatic termination of this recognition.	24 March 2020 - 29 January 2023

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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
<p>Authority: Food Safety and Quality Division, Ministry of Health under the Food Act 1983 of Malaysia</p> <p>Accreditation Criteria: ISO/IEC 17025: 2017</p>		<ol style="list-style-type: none"> <li>2. To ensure continuous recognition, the company is required to submit the application for extension of recognition before the expiry date by submitting the latest accreditation certificate ISO/IEC 17025. Any addition to the existing accreditation scope must be informed to obtain recognition on the relevant tests involved for the additional scope.</li> <li>3. If the company does not submit an application for extension of recognition, the name of the relevant laboratory will be removed from the Ministry of Health's list of recognised private laboratories within 14 days from its expiry date.</li> <li>4. Ministry of Health ("<b>MOH</b>") will conduct verification inspections on the analysis capability of the laboratory at any time during the tenure of the recognition. MOH has the right to revoke the recognition if the laboratory fails to comply with any of the conditions or is not satisfied with the performance of the laboratory.</li> </ol>	
<p>Registration as recognised private laboratory by the National Pharmaceutical Regulatory Agency ("<b>NPRA</b>") for traditional products testing</p> <p>Authority: NPRA under the Control of Drugs and Cosmetics Regulations 1984 of Malaysia</p> <p>Field: Pharmaceutical</p> <p>Laboratory location: 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang, Malaysia</p>	<p>MY CO2 (PG)</p>	<ol style="list-style-type: none"> <li>1. Company to comply with the terms and conditions set by NPRA in the latest version of "Guidelines for Application of Private Laboratories Complying to NPRA Requirements for Traditional Products Testing" issued by NPRA ("<b>NPRA Guidelines</b>").</li> <li>2. Company to submit the renewal application for this registration no later than 6 months before the expiry of this registration. Failure to do so will result in the removal of the company from the list of recognised private laboratories within 24 hours after the expiry date.</li> <li>3. Company to inform NPRA within 14 days of any amendments in the following aspects concerning the product analysis tests:               <ol style="list-style-type: none"> <li>(a) Location of the premise;</li> <li>(b) Facilities of the laboratory;</li> <li>(c) Personnel of the laboratory;</li> <li>(d) Equipment in the laboratory;</li> <li>(e) Testing procedures;</li> <li>(f) ISO certification / accreditation.</li> </ol> </li> </ol>	<p>11 March 2022 - 10 March 2025</p>

## GENERAL INFORMATION ON OUR GROUP

Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
		<p>4. It is noted that the NPRA has the absolute right to revoke / cancel the registration at any time without reason in the event the laboratory fails to comply with the requirements and conditions, or if the NPRA is not satisfied with the performance of the laboratory. NPRA has the right to also, without cause or reason, amend the regulations for the registration or revoke the registration.</p>	
<p>License for testing of crude palm oil, processed palm oil and crude palm kernel oil.</p> <p>Authority: Malaysian Palm Oil Board under Malaysian Palm Oil Board (Licensing) Regulations 2005</p> <p>License No.: 619458109000</p> <p>Location: 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang, Malaysia</p>	<p>MY CO2 (PG)</p>	<p>Nil</p>	<p>1 August 2022 - 31 July 2023</p>
<p>Business license to offer service in laboratory analysis of chemical contains, micro test, trading of laboratory instruments and business consultancy</p> <p>Premise: 16 Lengkok Kikik 1, Taman Inderawasih 13600 Perai Pulau Pinang</p> <p>Account No.: 541165456791466</p>	<p>MY CO2 (PG)</p>	<p>Nil</p>	<p>7 June 2022 - 31 December 2022</p>



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<b>Licence Name / Authority / Reference Number</b>	<b>Licence Holder</b>	<b>Salient terms and conditions (including termination provisions, if any)</b>	<b>Validity Period</b>
<p>Business license to operate research and testing centre and office</p> <p>Authority: Shah Alam City Council under the Local Government Act 1976 of Malaysia</p> <p>Premise: 40, Jalan Sepadu B25/B, Taman Perindustrian Axis, Seksyen 25 40400 Shah Alam</p> <p>Account No.: L025125420220008</p>	<p>MY CO2 (Certification MY)</p>	<p>Nil</p>	<p>15 June 2022 - 14 June 2023</p>
<p>Certificate of Accreditation</p> <p>Authority: Department of Standards Malaysia under the Standards of Malaysia Act 1996</p> <p>Field: Hazard Analysis Critical Control Point Systems</p> <p>Accreditation No.: ACB HACCP 07</p> <p>Accreditation Criteria: ISO/IEC 17021-1:2015, ACB-HACCP</p> <p>Location: 40, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia</p>	<p>MY CO2 (Certification MY)</p>	<p>Nil</p>	<p>17 November 2020 - 18 August 2026</p>

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<b>Licence Name / Authority / Reference Number</b>	<b>Licence Holder</b>	<b>Salient terms and conditions (including termination provisions, if any)</b>	<b>Validity Period</b>
<p>Certificate of Accreditation</p> <p>Authority: Department of Standards Malaysia under the Standards of Malaysia Act 1996</p> <p>Field: Food Safety Management Systems</p> <p>Accreditation No.: ACB FSMS 09</p> <p>Accreditation Criteria: ISO / IEC 17021-1:2015 and ISO/TS 22003:2013</p> <p>Location: 40, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia</p>	<p>MY CO2 (Certification MY)</p>	<p>Nil</p>	<p>30 August 2021 - 18 August 2026</p>
<p>Certificate of Accreditation</p> <p>Authority: Department of Standards Malaysia under the Standards of Malaysia Act 1996</p> <p>Field: Occupational Safety and Health Management Systems</p> <p>Accreditation No.: ACB OSH 10</p> <p>Accreditation Criteria: ISO/IEC 17021-1:2015, ISO/IEC 17021-10:2018, ACB-OSH</p> <p>Location: 40, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia</p>	<p>MY CO2 (Certification MY)</p>	<p>Nil</p>	<p>2 November 2021 - 18 August 2026</p>

## GENERAL INFORMATION ON OUR GROUP

Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
<p>Certificate of Accreditation</p> <p>Authority: Department of Standards Malaysia under the Standards of Malaysia Act 1996</p> <p>Field: Quality Management Systems</p> <p>Accreditation No.: ACB QMS 26</p> <p>Accreditation Criteria: ISO/IEC 17021-1:2015, ISO/IEC TS 17021-3:2017</p> <p>Location: 40, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia</p>	<p>MY CO2 (Certification MY)</p>	<p>Nil</p>	<p>2 November 2021 - 18 August 2026</p>
<p>Wholesaler's poisons licence (Type B)</p> <p>Authority: Pharmaceutical Services Division, Ministry of Health Malaysia under the Poisons Act 1952 of Malaysia</p> <p>The licence is granted to Ooi Wan Koon as the responsible officer of Empiric Science to import, store and wholesale of such poisons at the address of 14 &amp; 16, Lengkok Kikik 1, Taman Inderawasih 13600, Perai, Pulau Pinang.</p> <p>Permit No.: 008001</p>	<p>Ooi Wan Koon (Chief People Officer)<sup>(1)</sup></p>	<ol style="list-style-type: none"> <li>1. Any import, storage or sale by wholesale of the specified poisons can only be conducted at the specified address.</li> <li>2. Licensee has full control on all matters concerning the poisons and is not transferable to any unlicensed party / individual without approval from the state licensing officer.</li> <li>3. In the event the licensee intends to cancel the licence (such as by resignation) or amend / update any information or terms of the licence (such as any transfer to different branches; any updates to the business address; any changes of appointed suppliers), the licensee shall: <ol style="list-style-type: none"> <li>(a) Make an application for cancellation of licence online at the portal My.pharma-C 3 weeks before the date of effect;</li> <li>(b) Provide written explanation regarding the intended action to be taken for the poisons stored at the premises and ensure that no further poisons transactions can be conducted after the cancellation of the licence;</li> </ol> </li> </ol>	<p>1 January 2022 - 31 December 2022<sup>(5)</sup></p>

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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
		<p>(c) Surrender the original licence to the licensing officer for its cancellation or amendment;</p> <p>(d) Ensure the premises that the licensee resigned from does not continue to use the original licence to import, store and wholesale poisons. If the licensee takes no such action for any breaches or non-compliances arising therefrom, court action may be taken against the licensee or the premises by confiscating the poisons stored at the premises. The licensee may further face difficulties in their application for a new licence in their new intended place of practice.</p>	
<p>Certificate of registration of company for the provision of goods and services to the Malaysian government</p> <p>Authority: Ministry of Finance Malaysia under the Financial Procedure Act 1957 of Malaysia</p> <p>Certificate No.: K10343351323081309</p>	<p>Empiric Science</p>	<ol style="list-style-type: none"> <li>1. Any changes in the information submitted for the purposes of this application shall be updated online at <a href="http://www.eperolehan.gov.my">www.eperolehan.gov.my</a> within 21 days from the date of the change.</li> <li>2. The Ministry of Finance may conduct an audit at any time without prior notification. Any non-compliance to the conditions of registration and/or field codes may result in revocation of this registration. In the event of provision of false information, the company, shareholders and the board of directors of the company may be blacklisted without notice.</li> <li>3. Failure of the company to renew their registration with the Ministry of Finance after 1 year from the expiry date of the registration may result in the registration to be automatically terminated.</li> <li>4. The registration of the company will be suspended or terminated if the company commits the following offences: <ol style="list-style-type: none"> <li>(a) the company, owner, partner, director or any management staff committed a crime and was convicted by the courts in or outside of Malaysia;</li> <li>(b) the company, owner, partner, director or any management staff is subject to civil liability;</li> </ol> </li> </ol>	<p>15 November 2021 - 14 November 2024</p>

## GENERAL INFORMATION ON OUR GROUP

Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
		<p>(c) the company retracts the offer before the tender was considered or rejected the offer made after the consideration of the tender;</p> <p>(d) the company fails to complete its contractual obligations with the Malaysian government;</p> <p>(e) the company is found to have amended the certificate of registration of the company for purposes of fraud or other forms of deception;</p> <p>(f) the company permitted other individuals or companies to misuse the certificate of registration of the company;</p> <p>(g) the company is found to have entered into a price fixing arrangement with other companies when tendering with the Malaysian government; or</p> <p>(h) the company subcontracted the provisions of goods and services without the prior permission of the relevant governmental agencies.</p> <p>5. The company must make an application to renew their registration with the Ministry of Finance 3 months before the expiry date of the registration.</p> <p>6. Any applications received after the expiry date of the registration will be regarded as a new application.</p>	
Premise and advertisement licence for other businesses (sale / wholesale / service) involving chemical products - Carry on business of manufacturers, wholesalers, dealers, distributing agents and suppliers in all kinds of scientific products, salts, medical and chemical preparation and engaged in promotion and marketing software and on-line application	Empiric Science	Nil	5 November 2021 - 31 December 2022

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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
<p>Authority: Majlis Bandaraya Seberang Perai under the Local Government Act 1976 of Malaysia</p> <p>Premise: 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang</p> <p>Licence No.: PRI/01/20211105/2735</p>			
<p>Certificate of Accreditation</p> <p>Authority: Department of Standards Malaysia under the Standards of Malaysia Act 1996</p> <p>Field: Chemical and Microbiology</p> <p>Accreditation No.: SAMM 752</p> <p>Accreditation Criteria: ISO/IEC 17025: 2017</p> <p>Location: 15, Jalan Molek 1/8, Taman Molek, 81100, Johor Bahru, Johor, Malaysia</p>	MY CO2 (JB)	Nil	24 August 2021 - 17 December 2024
<p>Recognition of private laboratory for food analysis</p> <p>Authority: Food Safety and Quality Division, Ministry of Health Malaysia under the Food Act 1983 of Malaysia</p> <p>Accreditation Criteria: ISO/IEC 17025: 2017</p>	MY CO2 (JB)	<ol style="list-style-type: none"> <li>1. Revocation of the accreditation issued by the Department of Standards Malaysia to the company will result in an automatic termination of this recognition.</li> <li>2. For the purposes of renewal, the company is required to submit the application for extension of recognition 3 months before the expiry date by submitting the latest accreditation certificate ISO/IEC 17025.</li> <li>3. Any application to extend the accreditation scope must be submitted to obtain the corresponding recognition from the authorities. Applications can be made on the FOSIM portal @ <a href="https://fosim.moh.gov.my/fssmapp/app/portal">https://fosim.moh.gov.my/fssmapp/app/portal</a></li> </ol>	24 January 2022 - 17 December 2024

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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
		<p>4. The list of laboratories that are still valid under the private laboratory recognition scheme for food analysis services can be obtained at the web portal @ <a href="https://fosim.moh.gov.my/fssmapp/app/portal">https://fosim.moh.gov.my/fssmapp/app/portal</a>. If there are no applications to extend the recognition, the name of the laboratory will be struck off from the list within 14 days after the expiry date.</p>	
<p>Business and signboard license for a laboratory and business office</p> <p>Authority: Johor Bahru City Council under the Local Government Act 1976 of Malaysia</p> <p>Premise: 15, Jalan Molek 1/8, Taman Molek, 81100, Johor Bahru, Johor, Malaysia</p> <p>Account No.: L2022LI02768</p>	MY CO2 (JB)	Nil	26 May 2022 - 31 December 2022
<p>Certificate of Accreditation</p> <p>Authority: Department of Standards Malaysia under the Standards of Malaysia Act 1996</p> <p>Field: Chemical and Microbiology</p> <p>Accreditation No.: SAMM 564</p> <p>Accreditation Criteria: ISO/IEC 17025:2017</p> <p>Laboratory location: 40, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia</p>	MY CO2 (KL)	Nil	19 August 2021 - 19 September 2024

## GENERAL INFORMATION ON OUR GROUP

Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
<p>Registration as recognised private laboratory by the NPRA for traditional products testing</p> <p>Authority: NPRA under the Control of Drugs and Cosmetics Regulations 1984 of Malaysia</p> <p>Field: pharmaceutical (microbial contamination tests)</p> <p>Laboratory location: 40, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia</p>	MY CO2 (KL)	<ol style="list-style-type: none"> <li>1. Company to comply with the terms and conditions set by NPRA in the NPRA Guidelines.</li> <li>2. Company to submit the renewal application for this registration no later than 6 months before the expiry of this registration. Failure to do so will result in the removal of the company from the list of recognised private laboratories within 24 hours after the expiry date.</li> <li>3. Company to inform NPRA within 14 days of any amendments in the following aspects concerning the product analysis tests:               <ol style="list-style-type: none"> <li>(a) Location of the premise;</li> <li>(b) Facilities of the laboratory;</li> <li>(c) Personnel of the laboratory;</li> <li>(d) Equipment in the laboratory;</li> <li>(e) Testing procedures;</li> <li>(f) ISO certification / accreditation.</li> </ol> </li> <li>4. MOH will conduct verification, inspections on the analysis capability of the laboratory at any time during the tenure of the recognition. MOH has the right to revoke the recognition if the laboratory fails to comply with any of the conditions or is not satisfied with the performance of the laboratory.</li> </ol>	14 February 2022 - 14 February 2025
<p>Registration as recognised private laboratory by the NPRA for traditional products testing</p> <p>Authority: NPRA under the Control of Drugs and Cosmetics Regulations 1984 of Malaysia</p> <p>Field: pharmaceutical (heavy metal limit tests, disintegration tests and weight uniformity test)</p>	MY CO2 (KL)	<ol style="list-style-type: none"> <li>1. Company to comply with the terms and conditions set by NPRA in the NPRA Guidelines.</li> <li>2. Company to submit the renewal application for this registration no later than 6 months before the expiry of this registration. Failure to do so will result in the removal of the company from the list of recognised private laboratories within 24 hours after the expiry date.</li> </ol>	30 November 2020 - 30 November 2023



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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
<p>Laboratory location: 40, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia</p>		<ol style="list-style-type: none"> <li>3. Company to inform NPRA within 14 days of any amendments in the following aspects concerning the product analysis tests:                             <ol style="list-style-type: none"> <li>(a) Location of the premise;</li> <li>(b) Facilities of the laboratory;</li> <li>(c) Personnel of the laboratory;</li> <li>(d) Equipment in the laboratory;</li> <li>(e) Testing procedures;</li> <li>(f) ISO certification / accreditation.</li> </ol> </li> <li>4. MOH will conduct verification, inspections on the analysis capability of the laboratory at any time during the tenure of the recognition. MOH has the right to revoke the recognition if the laboratory fails to comply with any of the conditions or is not satisfied with the performance of the laboratory.</li> </ol>	
<p>Recognition of private laboratory for food analysis</p> <p>Authority: Food Safety and Quality Division, Ministry of Health Malaysia under the Food Act 1983 of Malaysia</p> <p>Accreditation Criteria: ISO/IEC 17025: 2017</p>	<p>MY CO2 (KL)</p>	<ol style="list-style-type: none"> <li>1. Revocation of the accreditation issued by DSM to the company will result in an automatic termination of this recognition.</li> <li>2. For the purposes of renewal, the company is required to submit the application for extension of recognition 3 months before the expiry date by submitting the latest accreditation certificate ISO/IEC 17025.</li> <li>3. Any application to extend the accreditation scope must be submitted to obtain the corresponding recognition from the authorities. Applications can be made on the FOSIM portal @ <a href="https://fosim.moh.gov.my/fssmapp/app/portal">https://fosim.moh.gov.my/fssmapp/app/portal</a>.</li> <li>4. The list of laboratories that are still valid under the private laboratory recognition scheme for food analysis services can be obtained at the web portal @ <a href="https://fosim.moh.gov.my/fssmapp/app/portal">https://fosim.moh.gov.my/fssmapp/app/portal</a>. If there are no applications to extend the recognition, the name of the laboratory will be struck off from the list within 14 days after the expiry date.</li> </ol>	<p>29 May 2022 - 19 September 2024</p>

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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
<p>Business licence to operate research and testing centre and office</p> <p>Authority: Shah Alam City Council</p> <p>Premise: No. 40 Jalan Sepadu B 25/B, Taman Perindustrian Axis, Seksyen 25, 40400 Shah Alam</p> <p>Account No.: L025125420220009</p>	MY CO2 (KL)	Nil	20 July 2022 - 30 June 2023
<p>Permit to purchase and use psychotropic substance</p> <p>Authority: Pharmaceutical Services Division, Ministry of Health Malaysia under the Poisons Act 1952 of Malaysia</p> <p>The permit is granted to Ms. Chong as the responsible officer of MY CO2 to purchase and use Barbituric Acid not exceeding a certain quantity at the address 16, Lengkok Kikik 1, Taman Inderwasih, 13600 Perai, Pulau Pinang, Malaysia.</p> <p>Permit No.: PPS0003/2022</p>	Ms. Chong (Executive Director and Chief Development Officer) <sup>(2)</sup>	<ol style="list-style-type: none"> <li>1. Licensee has full control on all matters concerning the poisons and is not transferable to any unlicensed party / individual without approval from the state licensing officer.</li> <li>2. In the event the licensee intends to cancel the licence (such as by resignation) or amend / update any information or terms of the licence (such as any transfer to different branches; any updates to the business address; any changes of appointed suppliers), the licensee shall:               <ol style="list-style-type: none"> <li>(a) Make an application for cancellation of licence online at the portal My.pharma-C 3 weeks before the date of effect;</li> <li>(b) Provide written explanation regarding the intended action to be taken for the poisons stored at the premises and ensure that no further poisons transactions can be conducted after the cancellation of the licence;</li> <li>(c) Surrender the original licence to the licensing officer for its cancellation or amendment.</li> </ol> </li> </ol>	13 June 2022 - 30 June 2023

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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
<p>Wholesaler's poisons licence (Type B)</p> <p>Authority: Pharmaceutical Services Division, Ministry of Health Malaysia under the Poisons Act 1952 of Malaysia</p> <p>The licence is granted to Ms. Chong as the responsible officer of MY CO2 to import, store and wholesale of such poisons at the address 14 &amp; 16, Lengkok Kikik 1, Taman Inderwasih, 13600 Perai, Pulau Pinang, Malaysia</p> <p>Permit No.: 007923</p>	<p>Ms. Chong (Executive Director and Chief Development Officer)<sup>(3)</sup></p>	<ol style="list-style-type: none"> <li>1. Any import, storage or sale by wholesale of the specified poisons can only be conducted at the specified address.</li> <li>2. Licensee has full control on all matters concerning the poisons and is not transferable to any unlicensed party / individual without approval from the state licensing officer.</li> <li>3. In the event the licensee intends to cancel the licence (such as by resignation) or amend / update any information or terms of the licence (such as any transfer to different branches; any updates to the business address; any changes of appointed suppliers), the licensee shall:               <ol style="list-style-type: none"> <li>(a) Make an application for cancellation of licence online at the portal My.pharma-C 3 weeks before the date of effect;</li> <li>(b) Provide written explanation regarding the intended action to be taken for the poisons stored at the premises and ensure that no further poisons transactions can be conducted after the cancellation of the licence;</li> <li>(c) Surrender the original licence to the licensing officer for its cancellation or amendment;</li> <li>(d) Ensure the premises that the licensee resigned from does not continue to use the original licence to import, store and wholesale poisons. If the licensee takes no such action for any breaches or non-compliances arising therefrom, court action may be taken against the licensee or the premises by confiscating the poisons stored at the premises. The licensee may further face difficulties in their application for a new licence in their new intended place of practice.</li> </ol> </li> </ol>	<p>1 January 2022 - 31 December 2022<sup>(6)</sup></p>

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<b>Licence Name / Authority / Reference Number</b>	<b>Licence Holder</b>	<b>Salient terms and conditions (including termination provisions, if any)</b>	<b>Validity Period</b>
<p>Registration as approved Mobile Audiometric Test Centre</p> <p>Authority: DOSH, Ministry of Human Resources Malaysia under the Occupational Safety and Health Act 1994 of Malaysia and the Occupational Safety and Health (Noise Exposure) Regulations 2019 of Malaysia</p> <p>Approval No.: JKKP/2021/11-04/00001</p> <p>Lorry Registration No.: VCQ 3972</p>	MY CO2	<ol style="list-style-type: none"> <li>1. Audiometric tests to be conducted by trained and appointed technicians.</li> <li>2. To appoint an occupational health doctor (“OHD”) registered with DOSH.</li> <li>3. To give DOSH 2 weeks prior notice before conducting the audiometric tests.</li> <li>4. To inform DOSH of any changes to the trained technicians, OHD, owner and completeness of the test equipment, and location for the test.</li> <li>5. To comply with the directions issued by DOSH from time to time. DOSH can revoke the approval if it is found that the information provided by the company is false.</li> </ol>	26 January 2022 - 24 November 2022 <sup>(4)</sup>
<p>Certificate of registration of company for the provision of goods and services with the Malaysian government</p> <p>Authority: Ministry of Finance Malaysia under the Financial Procedure Act 1957 of Malaysia</p> <p>Certificate No.: K66211181102941482</p>	MY CO2	<ol style="list-style-type: none"> <li>1. Any changes in the information submitted for the purposes of this application shall be updated online at <a href="http://www.eperolehan.gov.my">www.eperolehan.gov.my</a> within 21 days from the date of the change.</li> <li>2. Ministry of Finance may conduct an audit at any time without prior notification. Any non-compliance to the conditions of registration and/or field codes may result in revocation of this registration. In the event of provision of false information, the company, shareholders and the board of directors of the company may be blacklisted without notice.</li> <li>3. Failure of the company to renew their registration with the Ministry of Finance after 1 year from the expiry date of the registration may result in the registration to be automatically terminated.</li> <li>4. The registration of the company will be suspended or terminated if the company commits the following offences: <ol style="list-style-type: none"> <li>(a) the company, owner, partner, director or any management staff committed a crime and was convicted by the courts in or outside of Malaysia;</li> <li>(b) the company, owner, partner, director or any management staff is subject to civil liability;</li> </ol> </li> </ol>	30 July 2021 - 1 September 2024

**GENERAL INFORMATION ON OUR GROUP**

Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
		<ul style="list-style-type: none"> <li>(c) the company retracts the offer before the tender was considered or rejected the offer made after the consideration of the tender;</li> <li>(d) the company fails to complete its contractual obligations with the Malaysian government;</li> <li>(e) the company is found to have amended the certificate of registration of the company for purposes of fraud or other forms of deception;</li> <li>(f) the company permitted other individuals or companies to misuse the certificate of registration of the company;</li> <li>(g) the company is found to have entered into a price fixing arrangement with other companies when tendering with the Malaysian government; or</li> <li>(h) the company subcontracted the provisions of goods and services without the prior permission of the relevant governmental agencies.</li> </ul> <p>5. The company must make an application to renew their registration with the Ministry of Finance 3 months before the expiry date of the registration.</p> <p>6. Any applications received after the expiry date of the registration will be regarded as a new application.</p>	
<p>License to operate commercial testing lab</p> <p>Authority: Seberang Perai City Council under the Local Government Act 1976 of Malaysia</p> <p>Premise: 14, 16, Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Pulau Pinang, Malaysia</p> <p>Account No.: 52222735723</p>	<p>MY CO2</p>	<p>Nil</p>	<p>6 October 2021 - 31 December 2024</p>

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Licence Name / Authority / Reference Number	Licence Holder	Salient terms and conditions (including termination provisions, if any)	Validity Period
Business license to operate research and testing centre and office  Authority: Shah Alam City Council under the Local Government Act 1976 of Malaysia  Premise: 40 and 40A, Jalan Sepadu B25/B, Taman Perindustrian Axis, Seksyen 25 40400 Shah Alam  Account No.: L025125420160004	MY CO2	Nil	25 February 2022 - 28 February 2023

**Notes:**

- (1) This licence is held by the named individual and allows for the import, storage and sale of specified poisons at the specified addresses of Empiric Science.
- (2) This licence is held by the named individual and allows for the purchase and use of psychotropic substance at the address of MY CO2.
- (3) This licence is held by the named individual and allows for the import, storage and sale of specified poisons at the specified addresses of MY CO2.
- (4) As at the date of this Offer Document, our Group is in the process of renewing this licence and does not foresee any difficulty in view of previous successful renewals of this licence. After the lapse of the existing licence and prior to the issuance of a renewed licence, the Group will not be able to conduct audiometric tests. However, no material adverse impact to our Group's operations and financials is expected as our Group's revenue attributable to this licence was not material during the Period Under Review, representing less than 0.5% of our total revenue for each year/period.
- (5) Ms. Ooi Wan Koon has successfully renewed this licence on 14 October 2022, under the new permit number of 011228 and its validity period is from 1 January 2023 to 31 December 2023. There are no material changes to the salient terms and conditions of the aforementioned renewed licence.
- (6) Ms. Chong has successfully renewed this licence on 8 October 2022, under the new permit number of 011212 and its validity period is from 1 January 2023 to 31 December 2023. There are no material changes to the salient terms and conditions of the aforementioned renewed licence.

Our Group has complied with all conditions and requirements imposed by the relevant authorities/regulatory bodies, including under the relevant licences, permits, registrations and approvals.

The Quality Assurance team of our Group will oversee the validity of our Group's licences, permits and approvals. Where the remaining validity is less than 12 months, the Quality Assurance team will take the necessary steps to renew such licences, permits and approvals before expiry. Our Group does not foresee difficulty in the renewal of such licences, permits and approvals as we had been able to renew them without any material issue previously. In view of the foregoing, no material adverse impact to our Group's operations and financials is expected.

*Licences held by specific individuals*

As disclosed in the table above, certain licences, such as licences to deal in specified poisons or psychotropic substance, are held by individuals who are directors and/or employees of our Group, namely Ms. Ooi Wan Koon and Ms. Chong. Such licences are personal to the licence holder and cannot be transferred. The Executive Directors will determine which individual is suitable as the holder of the licences by considering (i) whether that individual meets the requisite academic qualifications under the applicable regulations governing the said licences; and (ii) the length of service of and seniority by

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## GENERAL INFORMATION ON OUR GROUP

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designation of that individual with our Group. Ms. Chong and Ms. Ooi Wan Koon are responsible for ensuring compliance with all the conditions under said licences and the parties are liable in the event of non-compliance with these conditions. There are measures in place to ensure compliance with all such licence conditions. Specifically, there are individual compliance officers at each of the three laboratory locations ensuring compliance with all the licence conditions in this regard, and our Chief Compliance Officer will have oversight over them at the Group level.

Whilst (a) Ms. Chong is a controlling shareholder of our Company as well as the spouse of Dr. Ooi, a controlling shareholder of our Company and (b) Ms. Ooi Wan Koon is the sister of Dr. Ooi, there is no assurance that we will be able to retain these individuals and the loss of these individuals (and the relevant licences) without suitable and timely replacements may have an adverse impact on our business, operations, financial performance and prospects.

We can mitigate the aforementioned by replacing the named holder of the licences with another employee who has the relevant qualifications and/or experience. Furthermore, each of Ms. Ooi Wan Koon and Ms. Chong has provided an undertaking to our Company that for so long as they remain employed with our Group and our Company remains listed on SGX-ST, they will continue to hold the said licences for use by our Group. They have also undertaken to take all necessary steps and actions as may be required in assisting the application for said licences by another qualified employee of our Group, should they leave the employment of our Group at any time, and that they shall not leave the employment of our Group before another employee of our Group has secured the said licences. There are other qualified employees of our Group who undertake similar responsibilities, have served sufficient lengths of service with our Group, and who meet the criteria required under the relevant legislation (if any). The Executive Directors will determine the alternative employees to register the relevant licences in his/her name of, in the event that the registered employee is no longer employed by the Company by considering the same criteria as described above. The material licences which are held by individuals who are directors and/or employees of our Group are namely (a) the wholesaler's poisons licence (Type B) and (b) the permit to purchase and use psychotropic substance. New applicants for the wholesaler's poisons licence (Type B) who have never held such licence will have to pass an interview before the said licence can be issued to them, while the registration process for the permit to purchase and use psychotropic substance is generally procedural in nature. Our Group has not encountered any material delay and/or material issue with the renewal of the abovementioned licences in the past.

There is no material impact on our Group's financials and business expected from any loss of such licences held by directors and/or employees of our Group, considering the following: (i) while our Group will not be able to sell the prescribed chemicals without the wholesaler's poisons licence (Type B), our Group's financials will not be materially impacted given that the sale of chemicals constitutes only a portion of our revenue from our Group's trading segment and the revenue from such segment is not material during the Period Under Review; and (ii) the permit to purchase and use psychotropic substance allows our Group to purchase certain chemicals required to prepare the testing reagents and without such permit, we can instead purchase the ready-made testing reagents from other suppliers.

In relation to the occupational, safety and health licences, we could or have outsourced the function to third party service providers. For instance, our Chief People Officer, Ms. Ooi Wan Koon, held a noise risk assessor licence, before being suspended in 2020. Please refer to the section entitled "General and Statutory Information – Information on Directors, Executive Officers and Controlling Shareholders" of this Offer Document for more details. The suspension of Ms. Ooi Wan Koon's noise risk assessor licence did not result in any subsequent actions, including inspections/audit, by DOSH. During her suspension period, our Group has outsourced this function to a third-party service provider. As at the Latest Practicable Date, our Group intends to continue this arrangement of outsourcing this function and does not intend to reapply for the noise risk assessor licence for Ms. Ooi Wan Koon after the suspension period. In this regard, our Group will outsource to third-party service providers (that meet its internal criteria and procedures for outsourcing arrangements) after doing a comparison based on competency and price. Please refer to the section entitled "Risk Factors – Risks Relating to our Industry and Business - We are subject to registration requirements and require certain accreditations, licences, registrations, permits and approvals for certain business operations" of this Offer Document for more information.

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The circumstances leading up to the suspension of Ms. Ooi Wan Koon's noise risk assessor licence are applicable uniquely to the noise risk assessor licence, arising from the requirement for the licence holder to be physically present when performing the noise risk assessment. The other licences held by directors and/or employees do not stipulate such requirement. Accordingly, there is no necessity to put in place similar measures to prevent a recurrence of similar incidents.

### *Business Licences for Malaysia Subsidiaries*

Our Group had relied on the business licence held by MY CO2 (being the first incorporated operating subsidiary of our Group) to offer laboratory testing services, not being aware that a separate business licence needs to be applied for each of the Malaysia Subsidiaries when these were subsequently incorporated to facilitate our Group's business expansion and extension of presence in various other parts of Malaysia. Specifically, the by-laws of the local councils in Shah Alam, Johor Bahru and Seberang Perai require an entity which offers laboratory testing services to have a business licence. A person (including a person and/or entity where applicable) who breaches these by-laws shall upon conviction be liable for a fine not exceeding RM2,000 or a term of imprisonment not exceeding 1 year, or both. Further, certain local authorities/councils are empowered under their respective by-laws to impose a further fine in the case of a continuing offence, a sum not exceeding RM200.00 for each day during which such offence is continued after conviction. In this regard, the respective local councils who issued the business licences to the respective Malaysia Subsidiaries are the same authorities that may investigate and/or take action for contravention or breach.

Our Group has since regularised this by securing the relevant business licence for each of the Malaysia Subsidiaries between May and July 2022 and as the Latest Practicable Date, there have been no investigations or regulatory actions taken against the Malaysia Subsidiaries, their directors or their officers for the past contravention in relation to the business licences. In view of the aforementioned reasons, Chooi & Company + Cheang & Ariff, the legal advisers to our Company on Malaysian law, is of the opinion that it is unlikely for the Malaysia Subsidiaries, including their respective directors and officers, to be penalised for the past non-compliances.

Moving forward, our Company has strengthened its internal processes to require the Chief Compliance Officer to keep abreast with laws and regulations pertaining to our industry, and to ensure compliance with such laws and regulations. To monitor key applicable regulations, the Chief Compliance Officer shall be the centralised function to maintain a compliance register for licensing matters, corporate secretarial matters, and any other applicable laws and regulations. Inputs on the status of compliance may be obtained from employees from other departments such as finance. Our Company will also consult with legal advisers on compliance with the relevant laws and regulations, as and when deemed necessary. Our Board is of the view that such measures are adequate and effective in preventing a recurrence of similar incidents.

The abovementioned past incidents did not have a material adverse impact on our Group's financials and/or operations.

As at the Latest Practicable Date, our Directors, confirm that, to the best of their knowledge, our Group has obtained all requisite licences, permits, registrations and approvals which are material for our current operations. As at the Latest Practicable Date, save as disclosed, none of the aforesaid licences, permits, registrations and approvals obtained by our Group have been suspended or revoked and to the best of our knowledge and belief, there are at present no facts or circumstances which would cause such licences, permits, registrations and approvals to be suspended or revoked or for any applications for, or for the renewal of, any of these licences, permits, registrations and approvals to be rejected by the relevant authorities.

### **COMPETITION**

We operate in a competitive environment and we are subject to competition from existing competitors and new entrants. We compete with our competitors on factors such as price, quality of services, turnaround time, technical know-how and accuracy of results.



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To the best of our knowledge and belief, we consider the following companies to be our main competitors: ALS Technichem (M) Sdn Bhd, Eurofins Food Testing Malaysia Sdn Bhd, SGS Malaysia Sdn Bhd, Bureau Veritas (M) Sdn Bhd, TÜV SÜD Malaysia Sdn Bhd and Sirim Berhad.

### COMPETITIVE STRENGTHS

We believe that our Group is able to gain an edge in the market based on the following competitive strengths:

#### **We have an established track record and strong market reputation**

We have an established track record of more than fifteen (15) years in laboratory testing and/or certification services. We are focused on providing accurate and timely test results and good customer service. As a result, over the years, we have built robust and lasting relationships with many of our customers by understanding their needs and responding to their requests on a timely basis. We have also adopted various quality control and quality assurance measures to uphold the quality standards of our services. Please refer to the section entitled “General Information on our Group - Quality Assurance and Quality Control” of this Offer Document for more details.

We have consistently received positive customer feedback received through customer surveys that our Group conducts on a regular basis and more than 80% of our revenue from our testing and assessment segment from FY2019 to FY2021 was derived from repeat customers. Further, over the last 15 years, we have won the Enterprise 50 (E50) Awards thrice (and placing in the top 10) in 2013, 2016 and 2019, the SME100 2022 Fast Moving Companies Award, and the Golden Bull Award 2022 – Outstanding SME Award. Please refer to the section entitled “General Information on our Group – Awards, Accreditations and Grants” of this Offer Document for further details on our awards. For the aforementioned reasons, we believe we have a long-standing and strong market reputation of providing quality services at competitive prices. This puts us in a good stead with our customers and enables us to compete effectively with other industry players. We further believe that our well-established track record and market reputation provides a strong foundation to maintain and grow our market share and expand into new geographical markets.

#### **Our Group is helmed by an experienced and competent management team**

Our management team possesses extensive experience, strong technical expertise and robust business relationships with industry players in the testing and certification industry. The founders of our Group, our Executive Director and CEO, Dr. Ooi, and our Executive Director and Chief Development Officer, Ms. Chong, have over 13 years and 22 years of experience respectively in the testing and/or certification industry. As co-founders of our Group and Controlling Shareholders, they are committed to the development of our business and will continue to spearhead our business operations and future plans to drive the growth of our Group. The chairman of our Board, Datuk Fadilah, was formerly the Director-General of the DSM from 2006 to 2020 and was also a member of the ISO Council from 2017 to 2019. We believe we will be able to capitalise on her experience in standards-setting at the global level, as well as her regional business network, for our expansion into Asia.

Our Directors are supported by our Executive Officers who are familiar with our business and understand our customers’ needs and requirements. Each Executive Officer has vast experience in their respective fields of expertise, the majority of whom have been with our Group for more than 7 years.

We believe that we are well-positioned to leverage on the experience and knowledge of our management team and the business relationships that they have built with suppliers and customers for the continued growth of our Group. Please refer to the section entitled “Directors, Executive Officers and Staff” of this Offer Document for further details on the experience of each of our Directors and Executive Officers.

#### **Our diverse range of services and locations caters to the wide-ranging needs of our customers**

For our laboratory testing services, we have the capability to perform more than 1,100 accredited tests and over 10,200 non-accredited tests as at the Latest Practicable Date, allowing us to meet the testing requirements of customers across different industry verticals. Our Group performs and specialises in food, feed, fertiliser, pharmaceutical, medical devices, healthcare, industrial and greentech industries.

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## GENERAL INFORMATION ON OUR GROUP

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Furthermore, we have been striving to expand our range of laboratory tests to accommodate new testing requests from our customers, such as the testing of new products arising from the research and development activities of our customers, and to generate revenue from new verticals. For example, we launched the testing of facemasks during the COVID-19 pandemic in 2020.

Whilst our Group started primarily as a provider of laboratory testing services, over the years, we have diversified into providing certification services, as well as the trading of laboratory equipment and chemicals. Such diversification allows us to expand our client base and target new customer segments, such as companies with their own in-house laboratories and also other third-party laboratories. For instance, our certification services allow us to assist companies with their own in-house laboratories to meet the requirements of certain regulations or standards that their laboratories may be required to comply with. Similarly, by acting as a distributor of analytical instruments, testing equipment or testing consumables, such as chemicals and media, we are also able to meet the needs of other third-party laboratories for such products.

We have a physical footprint across four regions in Malaysia, with our laboratories in Penang, Selangor and Johor, and also through our sales office in Kota Bahru, which allows us to effectively and conveniently service our customers located in different parts of Malaysia.

Please refer to the section entitled “General Information on our Group – Business Overview” of this Offer Document for further details on our business segments.

### **Our strong technical expertise gives us a market advantage**

Over the years, our Group has accumulated technical skills and knowledge on aspects such as testing methods and processes. Our laboratories for our testing services are accredited as ISO/IEC 17025: 2017 by the DSM and recognised by the International Laboratory Accreditation Cooperation. As at the Latest Practicable Date, we have the capability to conduct over 1,100 accredited tests and over 10,200 non-accredited tests. Our Group continues to maintain, renew and seek new accreditations for our test methods to cater to the diverse needs of our customers. Please refer to the section entitled “General Information on our Group – Awards, Accreditations and Grants” of this Offer Document for further details on our accreditations.

We are also committed to maintaining our level of technical expertise by facilitating the dissemination of our technical know-how among our technical staff and encouraging them to participate in proficiency tests regularly. Furthermore, we also benchmark the quality and accuracy of our tests against other laboratories by participating in various accredited and non-accredited inter-laboratory comparisons periodically. Please refer to the section entitled “General Information on our Group – Quality Assurance and Quality Control” of this Offer Document for further details.

### **We are constantly innovating and digitalising our work processes and systems**

Our Group believes in adopting innovative solutions to enhance productivity to improve our product and service offerings, and achieve long and sustainable growth for our Group. Our Group views technology as a key enabler to redesign our workflow processes, enhancing our efficiency and reducing our reliance on manpower over the long run. Towards this end, we have invested in the development of our proprietary laboratory information management system, aikinz-LIMS. We believe that aikinz-LIMS allows us to simplify our workflows, increase our accuracy, boost our turnaround time by reducing the need for manual entry of data, as well as improve the security of the information, thereby allowing us to better serve our customers and increase our competitiveness.

Our Group has commercialised our aikinz-LIMS, by licensing the system to third-party laboratories in 2020. We have also developed and launched our cloud-based automated workflow ISO certification platform, aizenz, which seeks to streamline ISO certification processes and improve audit readiness for such certification processes. We believe that we will be able to augment our revenue streams as we continue to enhance our aikinz-LIMS and aizenz applications.

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### **BUSINESS STRATEGIES AND FUTURE PLANS**

Our business strategies and future plans for the growth and expansion of our business are as described below:

#### **Expanding the scale of our testing and assessment services**

We plan to increase the range of our accredited and non-accredited tests in our existing industry sectors and expand into new industry sectors such as oil and gas by *inter alia*, investing in new laboratory equipment, cleanrooms and instruments, and hiring new chemists and marketing staff. We may also set up new laboratories in other states of Malaysia where we do not have a footprint in to capture demand from these locations, subject to our assessment of the commercial viability of such investments.

We intend to finance the above-mentioned expansion using our internally generated funds.

#### **Boosting our certification services segment and conformity assessment technology distribution segment**

We intend to expand the scope of our certification services to new industry sectors such as agriculture, basic metals, machinery and equipment, recycling, and hotels and restaurants. We will collaborate with companies that offer such certifications at the initial stage and then seek accreditation from the DSM after we gain the relevant experience in these sectors. In this regard, we had previously entered into one such collaboration with another certification company during the Period Under Review, the salient terms of which include the scope of accreditation, the certification process, the audit programme and process, and fees and expenses. Such collaborative agreement remains valid and subsisting with no fixed term or validity period, unless terminated in accordance with the terms therein (including by giving three months' notice or in the event of a material breach of terms therein), and did not materially contribute to our Group's revenue during the Period Under Review.

For our conformity assessment technology distribution segment, we intend to enhance the features and capabilities of our digital laboratory solutions, namely "aizenz" and "aikinz-LIMS" by adding amongst others, artificial intelligence, data analytics, data mining or benchmarking capabilities to analyse customer behaviour patterns to assist in decision-making. We will also increase our efforts in marketing and promotion of these digital laboratory solutions, via various communication strategies such as online advertisements, conducting webinars, and encouraging referrals by offering sales commission to our Group's employees. We also intend to leverage on our existing customer base to cross-sell our digital laboratory solutions.

We intend to allocate S\$0.3 million of our net proceeds from the Placement for the expansion of these business segments. Please refer to section entitled "Use of Proceeds and Listing Expenses" of this Offer Document for further information on the use of net proceeds from the Placement.

#### **Growing through acquisitions, joint ventures and strategic alliances**

Our Group intends to expand through acquisitions, investments, joint ventures and strategic alliances as part of our long-term growth strategy, and may also consider strategic partnerships or alliances with parties which are synergistic with our existing businesses, in countries in Asia such as Malaysia, Indonesia and China. This will enable us to strengthen our market position and/or expand into new areas and geographies that are complementary to our existing business. Should such opportunities arise, our Company will seek approvals, where necessary, from its Shareholders and the relevant authorities as may be required under the prevailing laws and regulations.

During the Period Under Review, our Group did not enter into any strategic alliances and/or joint ventures. As at the Latest Practicable Date, we have not entered into any agreements for the acquisition of any specific merger and acquisition targets. We intend to allocate S\$1.2 million of our net proceeds from the Placement for this purpose. Please refer to section entitled "Use of Proceeds and Listing Expenses" of this Offer Document for further information on the use of net proceeds from the Placement.

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### PROSPECTS

*This discussion contains certain statements that are “forward-looking” and are based on underlying assumptions containing variables that may have changed since the date of issue. By their nature, forward-looking statements are subject to risks and uncertainties because they relate to events and depend on circumstances that may occur in the future. No forward-looking statements contained herein should be relied upon as predictions of future events. No assurance can be given that the expectations expressed in these forward-looking statements will prove to be correct. Please refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document for more details. The accuracy of the information has not been verified by our Directors, the Sponsor and Issue Manager, and the Placement Agent. None of our Directors, our Group, the Sponsor and Issue Manager, and the Placement Agent makes any representation as to the accuracy or completeness of such information and shall not be obligated to provide any updates on the same.*

We believe that the industry outlook for our testing and certification services would remain positive in the near future for the following reasons:

#### (a) Malaysia’s intention to expand its export markets

According to the Twelfth Malaysia Plan 2021-2025<sup>1</sup>, one of Malaysia’s priority areas is to expand Malaysia’s export markets by, amongst others, scaling up the capacity and capability of industry players to increase export market share, and strengthening trade facilitation to (i) enable exporters to access wider markets, (ii) enhance trade activities, and (iii) increase the overall visibility of Malaysia’s products and services internationally. Towards this end, the following are Malaysia’s export targets for 2025:

	2020 Actual (RM million)	2025 Target (RM million)	Average annual growth rate (%)
Gross agriculture exports	71,677	90,592	4.8
Gross manufacturing exports	847,664	1,075,585	4.9

The Malaysia External Trade Development Corporation (“**MATRADE**”), in a press release in 2022<sup>2</sup>, stated that it has outlined a total of 286 exporters development and export promotion programmes for 2022, and that MATRADE will also continue to intensify the eBizMatch programme, which is an online pre-arranged business meeting platform between Malaysian companies and foreign buyers around the world, in strategic sectors such as medical, food and beverages, and green products and services.

With the emphasis on boosting trade and exports, the economic activity in Malaysia is expected to increase correspondingly. The following table from the Twelfth Malaysia Plan 2021-2025 summarises the targeted contribution to Malaysia’s GDP by agriculture and manufacturing activities of the various locations in which our laboratories are operating:

	2020 Actual (RM million)	2025 Target (RM million)	Average annual growth rate (%)
<b>Agriculture</b>			
Johor	16,909	19,811	3.2
Pulau Pinang	2,052	2,187	1.3
Selangor	4,725	6,175	5.5

<sup>1</sup> The information was extracted from the Twelfth Malaysia Plan 2021-2025 document released by Malaysia’s Economic Planning Unit of the Prime Minister’s Department, at <https://rmke12.epu.gov.my/en>, last accessed on 21 July 2022.

<sup>2</sup> The information was extracted from the press release entitled “MATRADE Lines Up High-Impact Initiatives to Drive Exports” at <https://www.matrade.gov.my/en/about-matrade/media/press-releases/5654-matrade-lines-up-high-impact-initiatives-to-drive-exports>, last accessed on 21 July 2022.

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	2020 Actual (RM million)	2025 Target (RM million)	Average annual growth rate (%)
<b>Manufacturing</b>			
Johor	38,645	51,463	5.9
Pulau Pinang	41,658	54,960	5.7
Selangor	95,346	127,931	6.1

We believe that the expected increase in economic and export activity will drive the growth in the testing, inspection and certification (“TIC”) market and demand for services from TIC providers in Malaysia, especially as companies will need to ensure that their products meet the requirements, standards and regulations of their export markets.

### (b) Increase in standards and regulations

TIC companies will remain essential as the independent third-party testing and assessment services they provide for the testing of products against local and international standards and regulations provide a level of assurance on the safety and quality of products.

In the 2021 Annual Report of the DSM<sup>3</sup>, it was indicated that the number of mandatory standards (such as that for toy safety testing) in Malaysia had increased from 439 in 2014 to 513 in 2021. Furthermore, the percentage of alignment of Malaysian standards to international standards is only at 46.7%, suggesting that there is room to further increase alignment to international standards. We are of the view that there will be a rise in demand for TIC services from an increase in alignment to international standards.

Furthermore, as outlined in the Twelfth Malaysia Plan 2021-2025<sup>4</sup>, one priority area is to implement a low-carbon, clean and resilient development plan which entails intensifying efforts to prioritise environmental health. In this regard, it is stated that, existing regulations and guidelines will be enhanced, and new ones will be put in place, while environmental enforcement efforts will also be intensified. Additionally, premise owners and developers will be required to prevent pollution or reduce its emissions at source, and will be required to submit regular reports to the relevant authorities, under new environmental pollution prevention requirements to be imposed. In addition, to address water pollution, existing laws will be reviewed to incorporate provisions on emerging pollutants, mainly chemicals found in pharmaceuticals, pesticides, industrial and household products, and penalties based on the polluter-pays principle will be increased.

With the increase in regulations pertaining to the environment and pollution, we believe that this will create more opportunities for TIC service providers which focus on the environmental and greentech sectors, such as our Group, to assist companies with their compliance to such regulations.

### (c) Malaysia’s push to boost productivity growth and digitalisation

As set out in the Twelfth Malaysia Plan 2021-2025<sup>5</sup>, one of Malaysia’s priority areas is to boost productivity growth across all sectors in restoring the momentum of economic growth and enhancing the competitiveness of industries. For the manufacturing sector, this entails undertaking efforts to modernise and digitalise operations and processes, and the facilitation of the adoption of Industry 4.0 related technologies by firms for productivity improvement. Furthermore, the mainstreaming of digitalisation is also an area of focus for Malaysia for inclusive development and attracting more investments to become the regional champion in the digital economy. Micro, small and medium enterprises will be encouraged to adopt digital technologies in production, processes and business services, mainly in the back-end of business operations.

<sup>3</sup> The information was extracted from the 2021 Annual Report of the DSM at <https://www.jsm.gov.my/documents/10180/3880124/Annual+Report+Standards+Malaysia+2021.pdf/fcb8fccc-d564-4804-9a53-61bd7361496f>, last accessed on 21 July 2022.

<sup>4</sup> The information was extracted from the Twelfth Malaysia Plan 2021-2025 document released by Malaysia’s Economic Planning Unit of the Prime Minister’s Department, at <https://rmke12.epu.gov.my/en>, last accessed on 21 July 2022.

<sup>5</sup> The information was extracted from the Twelfth Malaysia Plan 2021-2025 document released by Malaysia’s Economic Planning Unit of the Prime Minister’s Department, at <https://rmke12.epu.gov.my/en>, last accessed on 21 July 2022.

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## GENERAL INFORMATION ON OUR GROUP

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We are of the view that the increased emphasis on digitalisation and increasing productivity will drive businesses to look for digitalisation solutions to complement their operations, which in turn will drive the demand for our aikinz-LIMS and aizenz applications, as our applications enable them to streamline their operations and workflows. Furthermore, as compared to the less technologically-inclined players, we believe we will be relatively well-placed to cater to the demand for TIC services which incorporate elements of digitalisation.

### (d) Growth in the Asia-Pacific TIC market

In a media release by Enterprise Singapore in 2020<sup>6</sup>, it was stated that medical and life sciences, as well as food and agriculture, were the sectors contributing to the largest share of demand for TIC support in the Association of Southeast Asian Nations region, with environmental sustainability being one of the fastest growing sectors requiring TIC support.

We believe that the growth of the Asia-Pacific TIC market would provide opportunities for us to build our business as we execute our plan to grow via acquisitions, investments, joint ventures and strategic alliances in the region.

None of the Malaysia Economic Planning Unit of the Prime Minister's Department, MATRADE, DSM or Enterprise Singapore has consented for the purposes of Section 249 of the SFA to the inclusion of the information referred to above and is thereby not liable for such information under Sections 253 and 254 of the SFA.

While our Directors, the Sponsor and Issue Manager, and the Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither our Directors, the Sponsor and Issue Manager, and the Placement Agent has conducted an independent review or verified the accuracy or completeness of such information.

## TREND INFORMATION

As at the Latest Practicable Date and barring unforeseen circumstances, our Directors have observed the following trends which may have an impact on our Group's business and financial prospects for the next twelve (12) months from the Latest Practicable Date:

- (a) our revenue for FY2022 and FY2023 is expected to increase from an increase in demand for our laboratory testing services as economic activity is expected to increase with the further easing of restrictions in Malaysia pertaining to the COVID-19 pandemic, and as we continue to increase our sales and marketing efforts to boost revenue;
- (b) our materials, consumables and subcontractor costs are expected to increase in FY2022 and FY2023, in tandem with the increase in expected revenue;
- (c) depreciation expenses are expected to increase in FY2022 and FY2023 as we expect to make additions to our property, plant and equipment in both financial years;
- (d) our employee benefits expenses are expected to increase in FY2022 mainly due to an increase in headcount and salary increments. Employee benefits expenses are expected to increase in FY2023 mainly due to our Executive Directors' remuneration pursuant to the Service Agreements, a full 12-month period of directors' fees for our independent and non-executive Directors, an increase in headcount and salary increments; and
- (e) our other expenses are expected to increase in FY2022, mainly due to expenses in connection with the Listing. Other expenses are expected to decrease in FY2023 mainly due to the absence of expenses in connection with the Listing and partially offset by a full 12-month period of compliance costs for a public listed company.

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<sup>6</sup> The information was extracted from the media release entitled "Demand for Safer Products and Services Set to Drive Growth of Testing, Inspection, and Certification Industry" at [https://www.sgpc.gov.sg/sgpcmedia/media\\_releases/enterprise-sg/press\\_release/P-20200818-1/attachment/MR06320\\_SAC%20YIR\\_Media%20Factsheet\\_2020%2008%2018.pdf](https://www.sgpc.gov.sg/sgpcmedia/media_releases/enterprise-sg/press_release/P-20200818-1/attachment/MR06320_SAC%20YIR_Media%20Factsheet_2020%2008%2018.pdf), last accessed on 24 September 2022.

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## GENERAL INFORMATION ON OUR GROUP

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Based on the foregoing, there is no assurance that our Group can maintain a profit position in FY2022.

Save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Condition” and “General Information on our Group – Prospects” of this Offer Document, and barring any unforeseen circumstances, our Directors are not aware of any (i) significant recent trends in production, sales, inventory and in the costs and selling prices of our products and services since 31 March 2022, or (ii) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales, our revenues, profitability, liquidity or capital resources for the next 12 months from the Latest Practicable Date, or that may cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition.

Please also refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document.

### **ORDER BOOK**

Due to the nature of our business, we do not have an order book. Our Group’s core business is that of laboratory testing and assessment services. The conduct of such business does not give rise to any meaningful order book as our Group does not enter into any long-term contracts with our customers, and we instead rely generally on purchase orders which are ad-hoc and short-term in nature.

### **CORPORATE SOCIAL RESPONSIBILITY**

We view corporate social responsibility as our responsibility and a competitive advantage. We recognise that we have an obligation towards our employees, investors, customers, suppliers and the community as a whole. We believe that our reputation, together with the trust and confidence of those with whom we deal with, is one of our most valuable assets. We seek to maintain our reputation and such trust and confidence, and are committed to achieving long-term mutually sustainable relationships with our stakeholders.

In this regard, we organised and/or sponsored the following programs:

- In 2017, 2018 and 2019, our Group jointly organised a non-profit Province Wellesley run in Butterworth, and the total proceeds raised were donated to the Butterworth Open Art Competition and Malaysian Red Crescent Society (Butterworth).
- Our Group, together with other leading companies in our industry, conducted a blood donation program in 2016, where we collected donors’ blood with the help from the Ministry of Health Malaysia.
- Our Group sponsored various sports activities such as the City Walk in 2016 and 2017, organised by the City Council of Penang.

Our Group is committed to implementing strategies to reduce our Group’s carbon footprint, including by having installed a solar panel in the offices of MY CO2 (PG) which improves energy efficiency.

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## GOVERNMENT REGULATIONS

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### SINGAPORE LAWS AND REGULATIONS

We are subject to all relevant laws and regulations of Singapore and may be affected by policies which may be introduced by the Singapore government from time to time. We have identified the main laws and regulations (apart from those pertaining to general business requirements) that materially affect our operations, the relevant regulatory bodies and the licences, permits and approvals typically required for the conduct of our business, as follows:

#### **PDPA**

The PDPA governs the collection, use and disclosure of individuals' personal data by organisations. An organisation is required to comply with the following obligations:

- (i) obtain the consent of the individual before collecting, using or disclosing his personal data, save in situations required and authorised under the PDPA or any other written law;
- (ii) may collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances and, if applicable, have been notified to the individual concerned;
- (iii) notify the individual of the purpose(s) for which it intends to collect, use or disclose the individual's personal data on or before such collection, use or disclosure of the personal data;
- (iv) upon request, (i) provide an individual with his or her personal data in the possession or under the control of the organisation and information about the ways in which the personal data may have been used or disclosed during the past year; and (ii) correct an error or omission in an individual's personal data that is in the possession or under the control of the organisation;
- (v) make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete if the personal data is likely to be used by the organisation to make a decision that affects the individual concerned or disclosed by the organisation to another organisation;
- (vi) protect personal data in its possession or under its control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (vii) cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals as soon as it is reasonable to assume that (i) the purpose for which the personal data was collected is no longer being served by retention of the personal data; and (ii) retention is no longer necessary for legal or business purposes;
- (viii) not transfer personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the PDPA; and
- (ix) develop and implement the necessary policies and practices in order to meet its obligations under the PDPA and make information about its policies and practices available on request.

If an organisation is found to be in breach of the PDPA, the Personal Data Protection Commission may require the organisation to (i) stop collecting, using or disclosing personal data in contravention of the PDPA; (ii) destroy personal data collected in contravention of the PDPA; (iii) provide access to or correct the personal data; and/or (iv) pay a financial penalty of an amount not exceeding S\$1 million.

### MALAYSIA LAWS AND REGULATIONS

Our Group's principal business activities are in Malaysia and we are subject to regulation by applicable laws, regulations and government agencies in Malaysia. We have briefly set out a summary of material laws and regulations applicable to our Group under Malaysia laws.



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## GOVERNMENT REGULATIONS

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### **Standards of Malaysia Act 1996 (“SOMA”)**

The SOMA is the governing legislation on amongst others standards, accreditation and for matters connected therewith. Section 16 of the SOMA requires any person desiring to be accredited as a conformity assessment body to apply to the Director General in accordance with the regulations prescribed under SOMA, or if no such regulations have been made, in such manner as may be determined by the Malaysian Standards and Accreditation Council (the “**Council**”). Successful applicants will be issued with an accreditation certificate as prescribed by regulations, or if no such regulations have been made, as may be determined by the Council.

Under Section 18 of the SOMA, any person who:

- (a) makes any statement or representation, whether in writing or otherwise, with reference to any conformity assessment that conveys or is likely to convey the impression that a person who is not accredited under the SOMA with reference to that conformity assessment activity is so accredited;
- (b) makes any statement or representation, whether in writing or otherwise, that conveys or is likely to convey the impression that a conformity assessment complies with the requirements of accreditation when it does not so comply; or
- (c) having been accredited to use the accreditation symbol, uses the accreditation certificate after its withdrawal, or during its suspension or otherwise in contravention of the terms and conditions of the accreditation certificate,

shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 5 years or to both and, for a second or subsequent offence, to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 10 years or to both.

### **Local Government Act 1976 (“LA”)**

The LA is the legislation empowering local state authorities/councils to make, amend and revoke by-laws on amongst others the issuance of business/premises or signage licence.

As such, we are required to obtain the relevant business/premise or signage licence pursuant to the applicable by-laws of the respective local state authorities/councils (the “**By-laws**”) to operate our business at our leased or owned premises.

Generally, a contravention of the By-laws would result in an offence, which upon conviction, results in the person being liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 1 year, or to both. Further, certain local authorities/councils are empowered under their respective By-laws to impose a further fine of RM200 for each day or part of a day during which the continuance of the contravention.

### **Poisons Act 1952 (“PA”)**

The PA is the legislation governing the importation, possession, manufacture, compounding, storage, transport, sale and use of poisons. Section 26 of the PA provides that a type B wholesale licence may be issued to any person whom the licensing officer may consider to be a fit and proper person to hold such licence, or issued to a responsible officer of a company incorporated in Malaysia to import, store and sell by wholesale such poisons (not being a Group A Poison) as may be specified in such licence. Section 15 of the PA stipulates that no poison shall be sold by wholesale except by a licensed wholesaler.

Any person found guilty of an offence under the PA shall be punishable by a fine not exceeding RM3,000 or imprisonment for a term not exceeding one year, or both; provided that if the act or omission with which such person is charged is in the opinion of the court of such a nature as to amount to wilful default or culpable negligence, which endangered or was likely to endanger human life, such person shall be liable, on conviction, to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 2 years, or both.

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## GOVERNMENT REGULATIONS

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### **Poisons (Psychotropic Substances) Regulations 1989 (“PPSR”)**

The PPSR is a subsidiary legislation issued under the powers conferred by the PA on the control and use of psychotropic substances. Regulation 3 of the PPSR states that no person shall have in his possession any psychotropic substance unless he is authorised to be in possession of such psychotropic substance under the PPSR and the psychotropic substance in his possession is for a lawful purpose and obtained in accordance with the provisions of the PPSR. A permit to purchase and use psychotropic substance shall be in the form as prescribed in the PPSR and shall be valid for a specified period not exceeding 12 months.

Any person guilty of an offence against the PA shall be punishable by a fine not exceeding RM3,000 or by imprisonment for a term not exceeding one year, or both; provided that if the act or omission with which such person is charged is in the opinion of the court of such a nature as to amount to wilful default or culpable negligence, which endangered or was likely to endanger human life, such person shall be liable, on conviction, to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding two years, or both.

### **Malaysian Palm Oil Board Act 1998 (“MPOBA”)**

The MPOBA is the legislation which established the Malaysian Palm Oil Board.

The Malaysian Palm Oil Board (Licensing) Regulations 2005 (“MPOBR”) is the subsidiary legislation made under the MPOBA and Regulation 5(1) of the MPOBR prohibits a person to survey or test oil palm planting material, oil palm fruit, palm oil, palm kernel, palm kernel cake, palm fatty acids or palm oleochemicals unless the person is a holder of an appropriate licence issued under the MPOBR.

Pursuant to Regulation 5(3) of the MPOBR, any person who contravenes Regulation 5(1) of the MPOBR commits an offence and shall be liable on conviction to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding three years, or to both.

As at the Latest Practicable Date and to the best of our Directors’ knowledge, our Group is in compliance with all the applicable laws and regulations that are material to our business operations.

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## EXCHANGE RATES AND EXCHANGE CONTROLS

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### EXCHANGE RATES

Our financial statements are expressed in the RM. The exchange rates for S\$:RM as outlined in the tables below are presented solely for information only.

The highest and lowest daily closing exchange rates between the S\$ and the RM for each of the past six (6) months prior to the Latest Practicable Date are as follows:

	S\$:RM	
	Highest	Lowest
March 2022	3.1141	3.0625
April 2022	3.1708	3.0971
May 2022	3.1986	3.1386
June 2022	3.1983	3.1673
July 2022	3.2269	3.1492
August 2022	3.2473	3.1996

The following table sets forth the average and closing exchange rates between the S\$ and the RM for FY2019, FY2020, FY2021 and 3M2022. The average exchange rates have been calculated using the average of the closing exchange rates on the last day of each month during each financial year or period.

	S\$:RM	
	Average	Closing
FY2019	3.0381	3.0412
FY2020	3.0476	3.0426
FY2021	3.0838	3.0857
3M2022	3.0955	3.1065

As at the Latest Practicable Date, the exchange rate between the S\$ and the RM was S\$:RM3.2177.

The above exchange rates are quoted from Bloomberg L.P.<sup>(1)</sup> and should not be construed as representations that the RM amounts actually represent such amounts or could be converted into S\$ at the rate indicated, or at any other rate, or at all.

Where applicable, the exchange rates in these tables are used for our Group's financial information disclosed elsewhere in this Offer Document. In certain parts of this Offer Document, we have converted the RM amounts into the S\$ amounts for the convenience of the potential investors of our Company, as appropriate.

**Note:**

- (1) Source: Bloomberg L.P. Bloomberg L.P. has not consented to the inclusion of the information set out under this section and is thereby not liable for this information under Sections 253 and 254 of the SFA. While we have taken reasonable action to ensure that the relevant information has been reproduced in its proper form and context, we have not verified the accuracy of such information.

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## EXCHANGE RATES AND EXCHANGE CONTROLS

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### EXCHANGE CONTROLS

#### Singapore

There are no Singapore government laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

#### Malaysia

The Financial Services Act 2013 of Malaysia and Islamic Financial Services Act 2013 of Malaysia are the principal legislations which govern, amongst others, exchange control in Malaysia. The governing authority for foreign exchange administration in Malaysia is Bank Negara Malaysia ("**BNM**").

Pursuant to Notice 4 of the foreign exchange notices ("**FE**") issued by BNM, a resident is allowed to make or receive payment in RM in Malaysia to or from a non-resident for, amongst others, settlement of trade in goods and services.

In relation to payment in foreign currency, Notice 4 of the FE allows a resident to make or receive payment to or from a non-resident for any purposes excluding the transactions listed as follows:

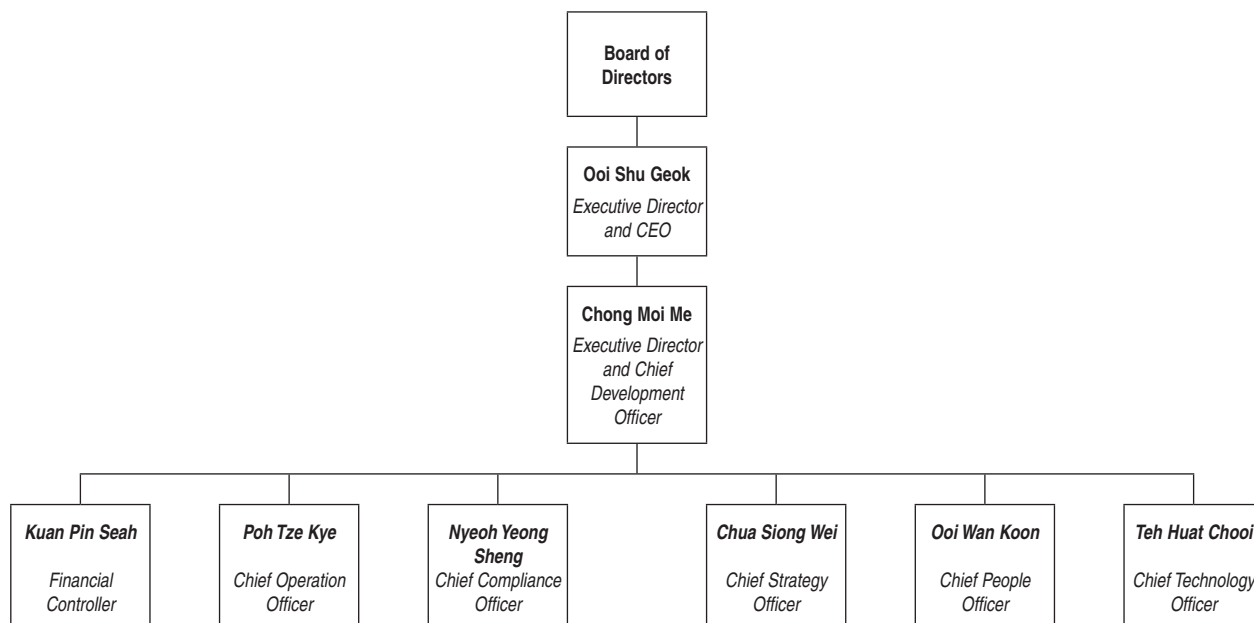
- (i) a foreign currency denominated derivative or Islamic derivative offered by a resident unless approved by BNM under Part B of Notice 5 of the FE or otherwise approved in writing by BNM;
- (ii) a derivative or Islamic derivative which is referenced to RM unless approved by the Bank under Part B of Notice 5 of the FE or otherwise approved in writing by the Bank; and
- (iii) an exchange rate derivative offered by a non-resident unless approved by BNM under Notice 1 of the FE or otherwise approved writing by BNM.

As at the Latest Practicable Date, we comply with the exchange control requirements prescribed by BNM in relation to our settlement of payments with foreign customers. In view of the above, foreign exchange control does not have an impact on our Group's ability to make or receive foreign currency cash and cash equivalents, and carry out the remittance of dividends, interest or other payments to our Shareholders.

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

### MANAGEMENT REPORTING STRUCTURE

Our management reporting structure as at the Latest Practicable Date is set out below:



### DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors as at the date of this Offer Document are set out below:

Name	Age	Designation
Dr. Ooi	48	Executive Director and CEO
Ms. Chong	48	Executive Director and Chief Development Officer
Chong Juin Kuan	55	Non-Independent, Non-Executive Director
Dato (Dr.) Gooi	62	Independent, Non-Executive Director
Datuk Fadilah	61	Independent, Non-Executive Chairman
Ong Beng Chye	54	Independent, Non-Executive Director
Wong Wan Chin	47	Independent, Non-Executive Director

The correspondence address of all our Directors is 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors is set out below:

**Dr. Ooi** is our Executive Director and CEO, and was appointed to our Board on 22 July 2022. He is primarily responsible for overseeing the business development activities and operations of our Group and leading the strategic direction of our Group. He is currently the managing director of MY CO2 (KL), MY CO2 (JB), MY CO2 (Certification MY) and MY CO2 (PG) and the customer service manager in MY CO2 and Empiric Science.

Dr. Ooi commenced his career as a senior marketing executive in Relau Estates Sdn Bhd in December 1994, where he was involved in marketing and business development of a property project named Taman Desa Relau in Penang. He subsequently took on the role of an assistant manager in Lead System (M) Sdn Bhd from March 2000 to May 2007, where he was responsible for trading, distributing, marketing, and repairing of the company's products, such as dictionaries, eBooks, encyclopaedias, and linguistic learning materials. From June 2007 to December 2008, he served as general manager at Amiux (M) Sdn Bhd where his role was to oversee the company's business in design, trading, distributing, marketing, and repairing of the company's products such as electronic educational handheld devices.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Thereafter, Dr. Ooi has been serving as the customer service manager at MY CO2, since January 2009, and Empiric Science, since 2013 – where he is in charge of promoting and marketing testing and assessment services in MY CO2, and trading and marketing laboratory equipment, solutions and chemicals in Empiric Science. Dr. Ooi has also been serving as managing director in our other subsidiaries being MY CO2 (KL) and MY CO2 (JB) since August 2015, MY CO2 (Certification MY) since August 2016 and MY CO2 (PG) since November 2017, where he oversees the company's business development and operations, and leads the strategic direction of our Group.

Dr. Ooi was appointed the chairman of the Malaysia Association of Accredited Laboratories (*Persatuan Makmal Akreditasi Malaysia*) and chairman (southern region) of Small and Medium Enterprises Association (Samenta) Malaysia, for a term of three (3) years from 2021 to 2023. He is also currently a permanent member of the National Accreditation Committee (*Jawatankuasa Akreditasi Kebangsaan*).

Dr. Ooi completed his postgraduate Diploma in Marketing in the Chartered Institute of Marketing (CIM, UK) in 1997. He obtained his Master of Business Administration from the University of Portsmouth in 2002 and graduated from Universiti Sains Malaysia in 2022 with a Doctor of Business Administration.

**Ms. Chong** is our Executive Director and Chief Development Officer, and was appointed to our Board on 22 July 2022. She is the general manager of our subsidiaries, except for MY CO2 (KL) which she is the executive director of, and chief development officer of our Group, responsible for the growth of the business of our Group and developing business strategies and exploring opportunities for our Group.

Ms. Chong joined DNP Garment (M) Sdn Bhd in May 1999 as an industrial engineer and was responsible for the planning and implementation of the productivity improvement programme for the production line of the company. She worked in Fumakilla (M) Sdn Bhd from January 2000 to June 2002, as a chemist, assisting with the setting up of the analytical laboratory, establishing and validating analytical methodology and supporting product development. Thereafter, she took on the role of a quality control manager in Depco United Sdn Bhd from June 2002 to January 2006, where she managed the quality control department, including ensuring that the laboratory of the company continues to meet the requirements of ISO/IEC 17025. While she was in Depco United Sdn Bhd, she worked on the conversion of its laboratory from in-house use to commercial purpose. Ms. Chong subsequently held the same position as a quality control manager in Asia Nutri-Chemical Sdn Bhd from January 2006 till January 2007. She was in charge of setting up a laboratory in accordance with requirements of ISO/IEC 17025 and was involved in the selection, training and evaluation of the work of technical staff.

From August 2006 onwards, she has been serving as the general manager in our Malaysia Subsidiaries, namely, MY CO2, since August 2006, Empiric Science, since December 2013, MY CO2 (KL) and MY CO2 (JB) since August 2015, MY CO2 (Certification MY), since August 2016 and MY CO2 (PG), since November 2017. She transited from general manager to executive director in MY CO2 (KL) from November 2021. During her time in these subsidiaries, she has worked on aligning the organisational objectives with our Group's mission, developed key operational initiatives and implemented operational strategies, with a view towards building customer and employee loyalty to our Malaysia Subsidiaries.

Ms. Chong graduated from the University of Malaya with a Bachelor of Science (Chemistry) (Honours Class I) in 1999 and obtained her Master of Science (Chemistry) from Universiti Sains Malaysia in 2006. She currently holds an associate membership with the Malaysian Institute of Chemistry under the Provision of the Chemists Act 1975 of Malaysia.

**Dr. Chong Juin Kuan** is our Non-Independent Non-Executive Director and was appointed to our Board on 22 July 2022.

Dr. Chong started his career at Ban Hin Lee Bank Berhad in January 1991 as a corporate, money market and foreign exchange dealer, managing foreign exchange and interest rate exposure for the bank and its clients. In November 1991, he became a senior tutor in decision sciences in the National University of Singapore. He was promoted to an assistant professor in decision sciences in January 1999. He became an assistant professor in marketing in January 2001 and was promoted to an associate professor in marketing in January 2005. He has been working in National University of Singapore ("**NUS**") for over 30 years. From July 2008 to June 2013, he was the academic director for the Executive MBA Chinese

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Programme of NUS and from July 2016 to June 2019, he served as the Vice Dean of Research and PhD in NUS Business School, in charge of overseeing the PhD programme and a research portfolio of over S\$20 million. Between June 2004 and June 2006, he was an associate professor at SKK Graduate School of Business Sungkyunkwan University, South Korea. Dr. Chong has published over twenty (20) articles in academic journals since 1991, including in *Management Science*, *BMJ* and *Journal of Statistical Computation and Simulation*.

Dr. Chong graduated from University of Canterbury, New Zealand in 1990 with a Bachelor of Science in Operations Research (First Class Honours). He obtained his Doctor of Philosophy in Management from the University of California in 1998.

**Dato (Dr.) Gooi** is our Independent Non-Executive Director and was appointed to our Board on 26 September 2022.

Dato (Dr.) Gooi joined Kassim Chan & Co in 1980 as an audit and tax senior, where he was engaged in project task management in the field of audit, accounting and tax, and was the engagement lead in some projects. From 1988 to 1990, he worked for Universal Furniture Ltd (Hong Kong) as the head of regional audit department, undertaking business risk analysis and identifying compliance issues. In 1990, he joined Arab-Malaysia Corporation Bhd as a corporate planning manager. Between 1991 and 1993, he was a financial controller at Advantec Electronics Sdn Bhd where he managed the finance, budgeting control and administration of the company. In 1993, he left to join Insas Bhd where he was the finance director. In 1995, he joined Datuk Keramat Holdings Berhad as finance director. From 1998 to 2000, Dato (Dr.) Gooi worked in Kestrel Securities Sdn Bhd as the corporate finance director, responsible for overseeing the corporate finance division and business development. Thereafter, he was appointed as a non-executive director of Avenue Capital Resources Bhd in 1999, and then served as the managing director from 2001 and the deputy chairman from 2004, and oversaw the entire business and strategic direction of the group. From November 2000 to June 2006, he was also the CEO and executive director of the dealing department at Avenue Securities Sdn Bhd where he managed the operations and business development of the company.

Since June 2004 onwards, Dato (Dr.) Gooi has been the director of Total Basic Sdn Bhd, a management consulting firm, holding an advisory role in investment and consultancy. Dato (Dr.) Gooi is also a member of the investment panel of the Employees Provident Fund (*Kumpulan Wang Simpanan Pekerja*).

Dato (Dr.) Gooi obtained his Doctor of Business (*Honoris Causa*) from Wawasan Open University in 2018. He is a chartered accountant under the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants.

**Datuk Fadilah** is our Independent Non-Executive Director and was appointed to our Board on 26 September 2022.

Datuk Fadilah commenced her career in 1985 at the Atomic Energy Licensing Board (“**AELB**”), a regulatory agency under the then Ministry of Science, Technology & the Environment (“**MOSTE**”) of Malaysia as a science officer in the standards & codes division, and was responsible for developing regulations for radiation protection purposes. From 1993 to 1999, she served as the head of Science & Technology Indicators Unit of the Malaysian Science & Technology Information Centre under the MOSTE, where she was involved in conducting national research and development surveys and publishing reports. Thereafter, in 1999, she returned to AELB as the director of the licensing division (first deputy to the Director General), and was responsible for processing licence applications on the use of radioactive materials for industry and non-medical activities, and developing licensing procedures on the safe use of radioactive materials. During her time as the director of the licensing division, she had successfully created, developed, and implemented an in-house e-licensing system to increase the efficiency on the licensing process.

In June 2000, Datuk Fadilah was appointed as director of the standards division (first deputy to the Director General) at the DSM under the MOSTE, where she led the standardisation division and was in charge of developing standards and promoting standardisation activities at the domestic, regional and international levels. In 2000, she created the first Halal standard in the world, namely, MS 1500:2000 for Halal food, which is now recognised in more than 54 certification bodies from more than 32 countries.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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From November 2001 to December 2002, Datuk Fadilah served as the director of the accreditation division (second deputy to the Director General), providing accreditation services, representing Malaysia on accreditation matters, and promoting certification, testing, inspection, calibration, and accreditation activities at the national, regional and international levels. In 2001, she established the environmental management systems under the Accreditation of Certification Bodies scheme and in 2002, she led Malaysia to obtain signatory status under the Asia Pacific Laboratory Accreditation Cooperation (“**APLAC**”) and the International Laboratory Accreditation Cooperation (“**ILAC**”) mutual recognition agreements. She was also responsible for the success of DSM becoming a signatory at international APLAC and ILAC levels for the fields of testing and calibration based on ISO/IEC 17025 in 2003. In January 2003, she returned to the standardisation division as a director (first deputy to the Director General). She was involved in strengthening dialogue between regulators and industries and introducing standards in previously unregulated sectors. In 2004, she developed the National Standards Strategy and Action Plan which was approved by the Cabinet of Malaysia and became the guiding document for policies relating to standards.

From October 2006 to February 2020, Datuk Fadilah served as Director General of DSM under the Ministry of International Trade and Industry of Malaysia, taking on responsibilities as prescribed in the Standards of Malaysia Act 1996 (Act 549), including the development of standards and promotion of standardisation and TIC activities at the national, regional and international levels, the provision of accreditation services at national level to, amongst others, certification bodies and testing laboratories, and representing Malaysia on accreditation matters at regional and international levels. She obtained a total development budget of more than RM35 million from the Government of Malaysia for DSM and led the expansion of APLAC Mutual Recognition Arrangement in the field of inspection in 2014. She was elected at the General Assembly of the International Organisation for Standardisation (“**ISO**”) from 2017 to 2019, to represent Malaysia at the ISO Council, the highest policy making committee in the ISO.

Datuk Fadilah graduated from the University of Salford, United Kingdom, with a Bachelor of Science in health physics and environmental physics in 1984. She is also a fellow of The Academy of Sciences Malaysia, since 2013.

**Mr. Ong Beng Chye** is our Independent Non-Executive Director and was appointed to our Board on 26 September 2022.

Mr. Ong started his career as a manager in Deloitte and Touche (London), managing audit and assurance engagements of clients in diverse industries from September 1990 to June 1995. In August 1995, he joined an asset management company, Seacorp-Schroders Capital Management Sdn. Bhd., working as an investment analyst and providing investment analysis for fund management. Mr. Ong became an investment manager in another asset management company, Jupiter Asset Management Sdn. Bhd., in July 1997, and was responsible for managing a portfolio of funds. From December 1998 to July 2004, he was a senior manager in Deloitte and Touche LLP, managing audit and assurance engagements of clients in various industries, and from August 2004 to December 2004, he took on the role as executive director and vice-president in SAC Capital Private Limited, providing merger and acquisition advisory and corporate advisory services. Thereafter, from January 2005, Mr. Ong held the position of executive director and chief financial officer of Time Watch Investments Limited, and was in charge of financial and accounting functions in the company. In January 2007, he joined Higson International Pte Ltd as its group financial controller, and was responsible for financial and accounting functions of the company until October 2014.

Mr. Ong has more than twenty-seven (27) years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. Mr. Ong has been the executive director of Appleton Global Private Limited, a business management and consultancy services firm, since January 2007, and an executive director of Gem Corp Services Pte. Ltd. since January 2017. He is also currently an independent director of five (5) other companies listed on the SGX-ST, namely, ES Group (Holdings) Limited, IPS Securex Holdings Limited, Hafary Holdings Limited, Geo Energy Resources Limited and Alpina Holdings Limited.



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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Mr. Ong graduated in 1990 with a Bachelor of Science with Honours in Economics and Accountancy, from The City University London. In 1998, Mr. Ong obtained his Chartered Financial Analyst qualification from the Institute of Chartered Financial Analysts. Mr. Ong was admitted as a member in 2013, and subsequently a fellow in 2017, of the Institute of Singapore Chartered Accountants. He was an associate from 1993, and thereafter, a fellow in 2011, of the Institute of Chartered Accountants in England and Wales.

**Ms. Wong Wan Chin** is our Independent Non-Executive Director and was appointed to our Board on 26 September 2022.

Ms. Wong started her career in March 2000 as a legal assistant in Wong-Chooi & Mohd Nor, assisting with civil litigation and conveyancing matters, and was promoted to a partner in August 2002. During her time as a partner in Wong-Chooi & Mohd Nor, she handled banking litigation cases, including civil, foreclosure, bankruptcy and winding up proceedings, and prepared commercial loan documentations for corporate entities. From October 2009 to April 2017, she worked in Lio & Partners as a partner and managed two (2) offices in Penang. She was engaged to advise on developers' housing and commercial projects and other corporate and commercial legal matters, such as preparation of share sale agreements, joint venture agreements, and restructuring agreements.

Presently, Ms. Wong is the managing partner of the law firm, Wong & Loh, which has seven (7) offices in Malaysia. She provides corporate legal services to her clients, including mergers and acquisitions, initial public offerings and industrial land acquisitions. She is also the non-executive chairman of Volcano Berhad, listed on the ACE market of Bursa Malaysia.

Ms. Wong graduated from the University of Malaya in 1999 with a Bachelor of Laws and was admitted as Advocate & Solicitor of the Bar Council Malaysia in 2000. In 2017, she was awarded with a medal of honour (*Darjah Johan Negeri*) from the Penang State Governor for her contribution to the community and state of Penang.

### Past and Present Directorships

The list of present and past directorships of each Director over the last five (5) years preceding the date of this Offer Document, excluding those held in our Company, is set out below:

Name	Present and Past Directorships of Group Companies	Present and Past Directorships of other companies
Dr. Ooi	<p><b><u>Present</u></b>            MY CO2            MY CO2 (PG)            MY CO2 (JB)            MY CO2 (KL)            Empiric Science            My CO2 (Certification MY)            LMS Compliance International            MY CO2 GSB</p> <p><b><u>Past</u></b>            Nil</p>	<p><b><u>Present</u></b>            Fitcorp Value Pte. Ltd.            Louis May Pte. Ltd.</p> <p><b><u>Past</u></b>            MY CO2 Holding (Malaysia) Sdn Bhd<sup>(1)</sup></p>
Ms. Chong	<p><b><u>Present</u></b>            MY CO2            MY CO2 (PG)            MY CO2 (JB)            MY CO2 (KL)            Empiric Science            My CO2 (Certification MY)            LMS Compliance International            MY CO2 GSB</p> <p><b><u>Past</u></b>            Nil</p>	<p><b><u>Present</u></b>            Fitcorp Value Pte. Ltd.            Louis May Pte. Ltd.</p> <p><b><u>Past</u></b>            Nil</p>

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Name	Present and Past Directorships of Group Companies	Present and Past Directorships of other companies
Dr. Chong Juin Kuan	<p><b><u>Present</u></b> LMS Compliance International</p> <p><b><u>Past</u></b> Nil</p>	<p><b><u>Present</u></b> Fitcorp Value Pte. Ltd. Louis May Pte. Ltd.</p> <p><b><u>Past</u></b> Nil</p>
Dato (Dr.) Gooi	<p><b><u>Present</u></b> Nil</p> <p><b><u>Past</u></b> Nil</p>	<p><b><u>Present</u></b> Securities Commission of Malaysia Red Ideas Holdings Bhd Yinson Holdings Bhd Perusahaan Sadur Timah Malaysia (Perstima) Bhd Total Basic Sdn Bhd Astra Ventures Sdn Bhd Astra Capital Sdn Bhd Georgia Attraction Sdn Bhd Liberty Vision Sdn Bhd Perstima Utility Sdn Bhd Perstima Tin Plate Sdn Bhd AP Focus Sdn Bhd PC Heritage Sdn Bhd Hong Leong Foundation</p> <p><b><u>Past</u></b> Hup Seng Industries Bhd Bank Negara Malaysia Eduspec Holdings Bhd Amity Bond Sdn Bhd Areca Capital Sdn Bhd AIA Berhad Areca Partners Sdn Bhd WorldClass Inspiration Sdn Bhd<sup>(2)</sup> Astra Partners Sdn Bhd<sup>(3)</sup></p>
Datuk Fadilah	<p><b><u>Present</u></b> Nil</p> <p><b><u>Past</u></b> Nil</p>	<p><b><u>Present</u></b> IPEC Global Legacy Foundation NanoVerify Sdn Bhd</p> <p><b><u>Past</u></b> MY CO2<sup>(4)</sup> International Organisation for Standardisation<sup>(5)</sup></p>
Mr. Ong Beng Chye	<p><b><u>Present</u></b> Nil</p> <p><b><u>Past</u></b> Nil</p>	<p><b><u>Present</u></b> ES Group (Holdings) Limited IPS Securex Holdings Limited Hafary Holdings Limited Geo Energy Resources Limited Appleton Global Private Limited Gem Corp Services Pte. Ltd. Alpina Holdings Limited Penta Power Investment Pte. Ltd.</p> <p><b><u>Past</u></b> Heatec Jietong Holdings Ltd. Kitchen Culture Holdings Ltd. CapAllianz Holdings Limited Gem Accounting Pte. Ltd.<sup>(6)</sup> Shin-Omi International Pte. Ltd.<sup>(7)</sup></p>

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Name	Present and Past Directorships of Group Companies	Present and Past Directorships of other companies
Ms. Wong Wan Chin	<p><b><u>Present</u></b> Nil</p> <p><b><u>Past</u></b> Nil</p>	<p><b><u>Present</u></b> Volcano Berhad W&amp;L Advisory Sdn Bhd Polygold Avenue Sdn Bhd</p> <p><b><u>Past</u></b> BML Development Sdn Bhd (formerly known as Lexicon Avenue Sdn Bhd) Global Learning and Training Academy Sdn Bhd<sup>(6)</sup> Nova Treasure Sdn Bhd<sup>(9)</sup> Zola Chemical Resources Sdn Bhd</p>

### Notes:

- (1) This is a shell company that was inadvertently incorporated and it carried on no business. It was struck off on 20 July 2022.
- (2) Wound up with effect from 1 March 2019.
- (3) Wound up with effect from 19 November 2018.
- (4) As at the date of the Offer Document, Datuk Fadilah has resigned as a director of this company (for which she was paid RM5,000 a month). The purpose of appointing Datuk Fadilah as a director of MY CO2 prior to Listing, was to enable her to gain greater understanding of our Group's business operations, and to facilitate her contribution in the interim, given her relevant network, background and experience. Please refer to the section entitled "General Information on our Group - Competitive Strengths – Our Group is helmed by an experienced and competent management team" for more details.
- (5) Ceased registration with effect from 15 March 2021.
- (6) Struck off with effect from 4 January 2021.
- (7) Struck off with effect from 7 May 2018.
- (8) Dissolved with effect from 7 February 2020.
- (9) Struck off with effect from 11 August 2017.

All our Directors, save for Ong Beng Chye, do not have experience as directors of public listed companies in Singapore. However, our Directors have been briefed on the roles and responsibilities of a director of a public listed company in Singapore. In addition, our Director, Chong Juin Kuan, has completed the relevant training programmes as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules. Datuk Fadilah, Dato (Dr.) Gooi, Wong Wan Chin, Dr. Ooi and Ms. Chong have undertaken to undergo training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalyst Rules by the end of the first year of our Company's listing on Catalyst.

Save as disclosed above, none of our Independent Directors have been appointed to the board of any of our subsidiaries.

### EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by an experienced and qualified team of Executive Officers. The particulars of our Executive Officers (save for our Executive Directors) are set out below:

Name	Age	Designation
Kuan Pin Seah	59	Financial Controller
Poh Tze Kye	37	Chief Operation Officer
Nyeoh Yeong Sheng	35	Chief Compliance Officer
Chua Siong Wei	47	Chief Strategy Officer
Ooi Wan Koon	39	Chief People Officer
Teh Huat Chooi	47	Chief Technology Officer

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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The correspondence address of our Executive Officers is 40, Jalan Sepadu B25/B, 40400, Shah Alam, Selangor, Malaysia for Poh Tze Kye, Nyeoh Yeong Sheng and Chua Siong Wei; and 16 Lengkok Kikik 1, Taman Inderawasih, 13600 Perai, Penang, Malaysia for Kuan Pin Seah, Ooi Wan Koon and Teh Huat Chooi.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

**Mr. Kuan Pin Seah** is the Financial Controller of our Group. He is responsible for our Group's finance and management reporting, accounting and taxation matters, and oversees the operations of the finance team of our Group. Mr. Kuan commenced his career at PFA Malaysia Sdn Bhd in 1983 where he spent 2 years as an accounts clerk. He then moved to Kassim Chan & Co. to spend about 3 years as an auditor before moving to Franklin Porcelain Sdn Bhd as an assistant accountant for about 2 years. In 1991, Mr. Kuan moved to Seagate Technology Sdn Bhd (formerly known as Conner Peripherals (M) Sdn Bhd) as a senior cost accountant initially and was eventually promoted to finance manager in 1996, which remained his designation until his departure in 2001.

From 2001 to 2005, Mr. Kuan served as site central service finance manager at Intel Technology Sdn Bhd, before joining WD Media (M) Sdn Bhd (formerly known as Komag USA (M) Sdn Bhd) as senior finance manager. He subsequently moved to Abbott Medical Device Division (formerly known as St. Jude Medical Operations Sdn Bhd) in 2012 and spent about 7 years there as senior finance manager until 2019. Mr. Kuan then spent some time in retirement thereafter before joining our Group as Senior Finance Manager in October 2021. He was subsequently designated as Financial Controller in December 2021.

Mr. Kuan obtained an Advanced Diploma in Accountancy from the Stamford Group of Colleges in 1992, and graduated with a Master of Business Administration degree from the University of Portsmouth in the United Kingdom in 2004.

**Mr. Poh Tze Kye** is the Chief Operation Officer of our Group and is responsible for overseeing and managing the day-to-day operations functions of our Group. Prior to joining our Group in 2013, Mr. Poh commenced his career at Chemical Laboratory (M) Sdn Bhd as a chemist in 2010. Mr. Poh joined our Group in 2013 as chemist, before rising through the ranks, being appointed first as senior chemist and then assistant laboratory manager in 2015, and as laboratory manager in 2018, before eventually being promoted to Chief Operation Officer in 2021.

Mr. Poh graduated from the University Tunku Abdul Rahman (Utar) in 2008 with a Bachelor of Science (Hons) in Chemistry degree. He is currently a registered member of the Malaysian Institute of Chemistry.

**Mr. Nyeoh Yeong Sheng** is the Chief Compliance Officer of our Group and is responsible for ensuring our Group's compliance with laws and regulations applicable to our testing division. Mr. Nyeoh commenced his career with Chemical Laboratory (Malaysia) Sdn Bhd as a chemist in 2009 and spent about 3 years there before joining our Group in 2012 as senior analytical chemist. He subsequently left our Group in 2015 to join Samwoo Chemicals Ltd for approximately eight months as laboratory manager, before returning to our Group as quality manager in 2016. Mr. Nyeoh was promoted to Chief Compliance Officer of our Group in 2021.

Mr. Nyeoh graduated from the University Tunku Abdul Rahman (Utar) in 2009 with a Bachelor of Science (Hons) in Biotechnology degree. He is currently a registered member of the Malaysian Institute of Chemistry. Furthermore, Mr. Nyeoh is currently a registered food analyst with the Majlis Juruanalisis Makanan Malaysia (Council of Food Analysts), Ministry of Health of Malaysia.

**Mr. Chua Siong Wei** is the Chief Strategy Officer of our Group and is responsible for our Group's strategic planning (including developing primary goals and operating plans). Mr. Chua commenced his career with Jaya Laboratories Sdn Bhd in 1999 and left in 2008 when he last held the position of deputy technical manager. After leaving Jaya Laboratories Sdn Bhd, he joined EAC Industrial Ingredients Sdn Bhd as assistant technical manager, where he stayed for about 2 years until 2010. From 2010 to 2012, Mr. Chua was sales engineer at QC Scientific Sdn Bhd. Mr. Chua then joined our Group in 2012, as customer service manager, before being promoted to assistant general manager in 2016 and then to Chief Strategy Officer in 2021.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Mr. Chua graduated from the Universiti Putra Malaysia in 1999 with a Bachelor of Science (Hons) degree, and also obtained a master's degree in business administration (general management) from the Putra Business School, Malaysia, in 2021. Mr. Chua is currently a registered chemical health risk assessor with the DOSH and a registered *Juruanalisis Makanan* (food analyst) with the Majlis Juruanalisis Makanan Malaysia (Council of Food Analysts). Furthermore, he is currently a licentiate of the Malaysia Institute of Chemistry.

**Ms. Ooi Wan Koon** is the Chief People Officer of our Group and is responsible for developing and implementing human resource strategies (on matters such as staff recruitment, retention, talent management, compensation and benefits, and staff safety and well-being). Prior to joining our Group, Ms. Ooi was at Intel Product Malaysia from 2007 to 2011 as a materials engineer. She joined our Group in 2011 as a sales service executive and chemical engineer, before being promoted to Human Resource Manager in 2018 and then to Chief People Officer of our Group in 2021.

Ms. Ooi graduated from the Universiti Sains Malaysia with a Bachelor of Engineering (Hons) (Chemical Engineering) degree in 2007. She is also currently a certified hygiene technician II with the DOSH, Malaysia.

**Mr. Teh Huat Chooi** is the Chief Technology Officer of our Group and is responsible for resource planning and development, design, and support of all IT infrastructure for our Group's business operations. Mr. Teh commenced his career at Agilent Technologies (formerly known as Hewlett-Packard) in 1993, taking on various functions including IT system support. From 2000 to 2005, he was a software engineer at Clarion Malaysia Sdn. Bhd. Subsequently, Mr. Teh was a software developer at VFC Sdn Bhd from 2005 to 2006, and then a senior system analyst at Dell from 2006 to 2011, before leaving to join Jabil Global Services in 2011 for about 2 years as senior system developer until 2013. Immediately prior to joining our Group, Mr. Teh was a senior system engineer at Keysight Technologies (formerly known as Agilent Technologies) from 2013 to 2017. Mr. Teh joined our Group in 2017 as Senior Manager responsible for supporting the Group's IT infrastructure, before being promoted to the Chief Technology Officer of our Group in 2021.

Mr. Teh obtained a Diploma in Computer Studies from the Informatics College, Malaysia, in 2000. He also graduated from the University of Bolton in 2005 with a Bachelor of Science (Third Class Honours) in Computing.

### Past and Present Directorships

The list of present and past directorships of our Executive Officers over the last five (5) years preceding the date of this Offer Document, is set out below:

Name	Present and Past Directorships of Group Companies	Present and Past Directorships of other companies
Mr. Kuan Pin Seah	<b><u>Present</u></b> Nil	<b><u>Present</u></b> Nil
	<b><u>Past</u></b> Nil	<b><u>Past</u></b> Nil
Mr. Poh Tze Kye	<b><u>Present</u></b> Nil	<b><u>Present</u></b> Nil
	<b><u>Past</u></b> MY CO2 (KL)	<b><u>Past</u></b> Nil
Mr. Nyeoh Yeong Sheng	<b><u>Present</u></b> Nil	<b><u>Present</u></b> Nil
	<b><u>Past</u></b> MY CO2 (KL)	<b><u>Past</u></b> Nil

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present and Past Directorships of Group Companies	Present and Past Directorships of other companies
Mr. Chua Siong Wei	<b><u>Present</u></b> Nil	<b><u>Present</u></b> Nil
	<b><u>Past</u></b> MY CO2 (KL)	<b><u>Past</u></b> Nil
Ms. Ooi Wan Koon	<b><u>Present</u></b> Nil	<b><u>Present</u></b> Nil
	<b><u>Past</u></b> MY CO2 (PG)	<b><u>Past</u></b> Nil
Mr. Teh Huat Chooi	<b><u>Present</u></b> Nil	<b><u>Present</u></b> Nil
	<b><u>Past</u></b> Nil	<b><u>Past</u></b> Nil

There is no arrangement or understanding with a Substantial Shareholder, customer or supplier of our Group or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or Executive Officer of our Company.

Dr. Ooi and Ms. Chong are spouses. Dr. Chong Juin Kuan is the cousin of Ms. Chong. Ms Ooi Wan Koon is the sister of Dr. Ooi. Save as disclosed here, none of our Directors or Executive Officers has any family relationships with one another, or with our Substantial Shareholders of the Company.

### STAFF

As at 31 March 2022, we have a workforce of 114 full-time employees. All of our employees are employed in Malaysia. We do not employ a significant number of temporary employees.

None of our employees are unionised, and the relationship and co-operation between the management and staff have been good. There has not been any incidence of work stoppages or labour disputes which materially affected our operations during the Period Under Review and up to the Latest Practicable Date.

The number of employees of our Group as at the end of each of 31 December 2019, 31 December 2020, 31 December 2021 and 31 March 2022 segmented by function are as follows:

Function	Number of Employees			
	As at 31 December 2019	As at 31 December 2020	As at 31 December 2021	As at 31 March 2022
Customer Service Department (Sales)	12	14	14	13
Customer Service Department (Support)	14	11	11	14
Logistics	9	11	10	11
Management	3	3	3	3
Human resources	1	1	1	1
Finance	4	7	6	6
IT	1	1	3	3
Technical (assessment, engineering, quality assurance and testing)	66	66	63	63
<b>Total</b>	<b>110</b>	<b>114</b>	<b>111</b>	<b>114</b>

## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

### REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

#### Directors and Executive Officers

The remuneration paid to our Directors and Executive Officers (which includes benefits-in-kind and bonuses) for services rendered to us on an aggregate basis and in remuneration bands of S\$250,000 during FY2020 and FY2021 (being the two (2) most recent completed financial years) and as estimated for FY2022 (excluding bonuses under any profit-sharing plan or any other profit-linked agreements or arrangements) are as follow:

	FY2020	FY2021	FY2022 (estimated)
<b>Directors</b>			
Dr. Ooi	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>
Ms. Chong	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>
Chong Juin Kuan	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A <sup>(1)</sup>
Dato (Dr.) Gooi	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A <sup>(1)</sup>
Datuk Fadilah	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A <sup>(1)</sup>
Ong Beng Chye	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A <sup>(1)</sup>
Wong Wan Chin	— <sup>(2)</sup>	— <sup>(2)</sup>	Band A <sup>(1)</sup>
<b>Executive Officers</b>			
Kuan Pin Seah	— <sup>(2)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>
Poh Tze Kye	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>
Nyeoh Yeong Sheng	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>
Chua Siong Wei	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>
Ooi Wan Koon	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>
Teh Huat Chooi	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>	Band A <sup>(1)</sup>

#### Notes:

(1) *Band A: Compensation from S\$0 to S\$250,000 per annum.*

(2) *Not appointed during the relevant periods.*

Save as disclosed in the sections entitled “LMS Performance Share Plan” and “LMS Employee Share Option Scheme” in this Offer Document, no remuneration was paid or is to be paid in the form of share options to any of our Directors, Executive Officers or employees.

Certain of our employees may receive incentive payments such as bonuses and commissions based on their performance as well as the performance of our Group. These payments are meant to promote our Group’s profitability by incentivising and aligning the interests of our employees with those of our Group.

As at the Latest Practicable Date, save as required for compliance with the applicable laws of Malaysia and Singapore, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees and Directors.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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### Related Employees

As at the Latest Practicable Date, save as disclosed below, none of our full-time employees are immediate family members of our Directors, CEO or Substantial Shareholders of the Company (the “Related Employees”).

Name	Position Held	Relationship
Ooi Wan Koon	Chief People Officer of our Group	Sister of Dr. Ooi
Chong Tze Kean	Assistant Compliance Advisory Manager in MY CO2 (PG)	Brother of Ms. Chong

The remuneration (including salary, bonus, allowances and benefits-in-kind) paid in FY2020 and FY2021 to the Related Employees for services rendered to our Group on an individual basis are set out below:

Name	FY2020	FY2021
Ooi Wan Koon	Below S\$50,000	Below S\$50,000
Chong Tze Kean	Below S\$50,000	Below S\$50,000

The remuneration of the Related Employees will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these Related Employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or the Nominating Committee is related to the employee under review, he will abstain from the review.

### SERVICE AGREEMENTS

On 2 September 2022, our Company entered into separate service agreements (collectively, the “Service Agreements” and each a “Service Agreement”) with each of (a) our Executive Director and CEO, Dr. Ooi; and (b) our Executive Director and Chief Development Officer, Ms. Chong (collectively, the “Executives” and each, an “Executive”).

Each of the Service Agreements is for an initial period of three (3) years (“Initial Term”) commencing with effect from the date of admission of our Company to the Catalist, subject to renewal at the end of the Initial Term on such terms as may be agreed between our Company and the Executive, and (if necessary) approved by our Board, our Remuneration Committee, our Nominating Committee and/or our Shareholders, unless otherwise agreed in writing between our Company and the Executive or terminated in accordance with the Service Agreement. The employment of each Executive may be terminated during such term either as provided under the Service Agreement or by either party to the Service Agreement giving to the other not less than six (6) months’ written notice, provided that during the Initial Term, the Executive shall not be entitled to terminate the Service Agreement without prior consent of our Company. Our Company may terminate the Service Agreements with immediate effect if the Executive:

- (a) becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (b) is charged for any offence which involves moral turpitude or dishonesty;
- (c) is convicted of any criminal offence (save for an offence under any road traffic legislation for which he is not sentenced to any term of immediate or suspended imprisonment) and sentenced to any term of immediate or suspended imprisonment or has any judgement, including findings, in relation to fraud, misrepresentation or dishonesty, given against him, whether or not, in connection with or referable to the employment;



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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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- (d) is or may be suffering from a mental disorder;
- (e) becomes prohibited by law or any order from any regulatory body or governmental authority from being, or ceases to be, an employee or director of our Company for any reason whatsoever;
- (f) ceases to hold the office of director pursuant to our Company's constitution or is disqualified from holding the office of or acting as, a director of any company pursuant to any applicable law, for whatever reason, or our Company is required or requested by any authority (whether governmental or statutory) to terminate the services of the Executive;
- (g) commits any act of criminal breach of trust or dishonesty;
- (h) in the reasonable opinion of our Board, be guilty of any wilful misconduct in the discharge of his duties under the Service Agreement; or
- (i) in the reasonable opinion of our Board, breaches any material provision of the Service Agreement.

Upon termination of the Executives' employment under the Service Agreements, the Executives are not entitled to any benefits or severance payments.

Our Group will also extend to each of the Executives the entitlements and benefits as set out in our employee handbook which are applicable to the Executives (including that for vehicle, travelling, accommodation and phone allowance). In addition to the payments, allowances, entitlements or benefits set out in our employee handbook, our Board may, subject to approval of our Remuneration Committee, provide such other payments, allowances, entitlements or benefits to the Executives as may be determined by our Board and our Remuneration Committee in accordance with the applicable laws.

Under the terms of the Service Agreements, each of the Executives is subject to certain restrictive covenants as described below. Each of them shall, during the term of their Service Agreements and their expiry or termination thereof, keep confidential all confidential information (including in particular lists or details of customers of our Group, technical information, trade names, trademarks, service marks or other proprietary business designations used or owned by our Group) and other material supplied to or received by the Executive arising from or in connection with his or her employment with our Company and any information concerning the business transactions or the financial arrangements of our Group or of any person with whom our Company is in a confidential relationship coming to the knowledge of the Executive. For a term commencing on the start of his or her employment until 12 months after the termination of the employment of the Executive, the Executive shall:

- (a) not deal in similar products or services as our Group;
- (b) not be engaged or interested in any business similar to or competing with the Specified Business (as defined below);
- (c) not have any interest, directly or indirectly, in, and/or provide any assistance, financial technical or otherwise, to, any person or entity to carry on any business which is in competition with the Specified Business;
- (d) not be a director and/or hold an executive management position in any entity whose business competes with the Specified Business;
- (e) ensure that no company or business in which the Executive is in the position to control, dominate or influence decision making shall engage in any business similar to or which is in competition with the Specified Business;
- (f) not solicit any person or corporation who (i) is or has been at any time a customer, supplier, or agent of our Group; (ii) has any business dealings with our Group; or (iii) is in commercial negotiations with our Group with a view to placing business with our Group;

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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- (g) not solicit any employee of our Group Companies for the employment of the Executive, any other person or any other company, other than our Group Companies; and/or
- (h) disclose promptly to our Audit Committee the Executive's interest in respect of any contract, arrangement, proposal, transaction or any other matter whatsoever in which the Executive has any personal material interest, directly or indirectly, or any actual or potential conflicts of interest that may involve him or her, during the Executive's employment. Upon such disclosure, the Executive shall abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises; unless and until our Audit Committee has determined that no such conflict of interest exists.

For purposes hereof, the term "**Specified Business**" shall refer to the business activities and proposed business activities of our Group during the time of the employment of the Executive and as at the time of termination of the employment of the Executive.

None of the restrictions above shall prevent the Executive from holding an investment by way of shares or other securities of less than five per cent. (5%) of the total issued share capital of any company, whether or not it is listed or dealt in on a recognised stock exchange, or being engaged or concerned in any business concern after the termination of the employment of the Executive insofar as the Executive's duties or work shall relate solely to geographical areas where the business concern is not in competition with any Specified Business.

The Executive shall not at any time after the expiry or termination of the employment use the name or trading style of any Group Company or business of any Group Company, or use any name or trading style which is the same as or similar to any of the trade or service marks of our Group or any brand name or proposed brand name of any of our Group's products or services or proposed products or services, or represent himself or themselves as carrying on or continuing or being connected with any Group Company or its business for any proposal whatsoever unless otherwise agreed by our Company in writing.

Pursuant to the terms of the respective Service Agreements, Dr. Ooi and Ms. Chong will each receive a monthly salary of RM23,000.

In addition to their annual salaries, each of Dr. Ooi and Ms. Chong are also entitled to receive an annual incentive bonus (the "**Incentive Bonus**") of a sum calculated based on the audited consolidated profit before income tax of our Group (after deducting for the non-controlling interests) for the relevant financial year, before payment of the Incentive Bonus and excluding any gains or losses arising from extraordinary and exceptional items ("**PBT**"), as follows:

PBT	Incentive Bonus
(a) Where the PBT is of any amount but does not exceed RM3.0 million	Nil
(b) Where PBT exceeds RM3.0 million but does not exceed RM8.0 million	1 month's salary plus 1.0% of the PBT
(c) Where PBT exceeds RM8.0 million	2 months' salary plus 2.0% of the PBT

Dr. Ooi and Ms. Chong are entitled to the Incentive Bonus in connection with their contribution to our Group in their roles as the Executive Director and CEO, and the Executive Director and Chief Development Officer of our Company respectively. The Incentive Bonus is subject to the discretion and periodic review by our Board and our Remuneration Committee at such interval(s) as our Board and our Remuneration Committee consider appropriate. The remuneration of our Executives is subject to annual review by our Board and our Remuneration Committee, in line with our Company's annual year-end salary review exercise. Had the Service Agreements been in place with effect on 1 January 2021, the aggregate remuneration paid to our Executive Directors for FY2021 would have been approximately RM0.82 million instead of approximately RM0.50 million and our Group's profit before income tax for FY2021 would have decreased from approximately RM6.61 million to approximately RM6.29 million.

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## DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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Furthermore, the Executive Officers, along with the employees of our Group are paid an incentive bonus (the “**Executive Bonus**”) pursuant to the Scheme. The amount of Executive Bonus awarded to each Executive Officer and employee of our Group is calculated based on performance indicators including, amongst others, the profits, of the department of such Executive Officer or employee, customer complaint rate, productivity and other quantitative performance indicators.

Save as disclosed above, commissions and incentive payments payable to our selected employees in the ordinary course of our business, and the LMS Performance Share Plan and the LMS Employee Share Option Scheme, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Group and any of our Directors, Executive Officers or employees.

Save as disclosed above, there are no existing or proposed service agreements between our Group and any of our Directors. There are also no existing or proposed service agreements entered or to be entered into by any of our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment.

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## CORPORATE GOVERNANCE

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Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance).

Our Directors recognise the importance of corporate governance and adhering to the high standards of accountability to our Shareholders. Our Board of Directors has formed three (3) committees: (a) an Audit Committee, (b) a Nominating Committee, and (c) a Remuneration Committee.

We have 7 Directors on our Board of Directors, of which 4 are Independent Directors. The chairman of our Board is Datuk Fadilah. Our Independent Directors do not have any existing material business or professional relationship with our Group, our other Directors and/or Substantial Shareholders. Save for Dr. Chong Juin Kuan, who is the cousin of Ms. Chong, our Independent Directors are also not related to our other Directors and/or Substantial Shareholders.

Our Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

### **Audit Committee**

Our Audit Committee comprises Mr. Ong Beng Chye, Dato (Dr.) Gooi, Dr. Chong Juin Kuan and Datuk Fadilah. The chairman of our Audit Committee is Mr. Ong Beng Chye. The quorum shall be any three (3) members, including the chairman of our Audit Committee.

Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform, among others, the following functions:

- (a) review, with our internal and external auditors, the audit plans, scope of work, their evaluation of our system of internal controls, audit reports, their management letters and our management's response, and the results of audits compiled by our internal and external auditors, and will review at regular intervals with the management the implementation by our Group of the internal control recommendations made by our internal and external auditors;
- (b) monitor, review and have oversight over the follow-up review and rectifications of the outstanding non-material internal control weaknesses (to be conducted post-Listing as part of the internal audit plan) that were identified before the Listing;
- (c) review the periodic consolidated financial statements and any formal announcements relating to our Group's financial performance before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other statutory and regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of our management, where necessary, before submission to our Board for approval;
- (d) review and report to our Board, at least annually, the adequacy and effectiveness of our Group's internal control procedures (including financial, operational, compliance and information technology controls) and risk management systems;

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## CORPORATE GOVERNANCE

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- (e) commission and review findings of internal investigations (including to review and discuss with our internal auditors and our external auditors, any issues and concerns arising from our internal audits and our external audits) where there is any suspected fraud, irregularity, failure of internal controls or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on our Group's financial performance or financial position and our management's response;
- (f) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (g) review and approve all hedging policies implemented by our Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (h) meeting with our internal and external auditors, and in each case without the presence of management, at least annually and review the co-operation given by our management to our internal and external auditors, where applicable;
- (i) review periodically, the adequacy, effectiveness, scope of our internal and external audit, independence and objectivity of our internal and external auditors as well as consider the appointment or re-appointment of our internal and external auditors, including approving the remuneration and terms of engagement of our internal and external auditors and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that our internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;
- (j) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof;
- (k) review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests as well as monitor compliance with such framework;
- (l) review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- (m) review the procedures by which employees of our Group may, in confidence, report to the chairman of our Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by our Group (including criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group), the independent investigation and follow-up actions thereto;
- (n) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;
- (o) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of our Company and any announcements relating to our financial performance;
- (p) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (q) review the whistle-blowing policy and procedures;
- (r) monitor and have oversight on our Group's measures, and review such procedures and policies put in place to ensure compliance with the various applicable laws and regulations such as (i) its business licences and tax matters, including the appointment of legal advisers and qualified tax agents and (ii) laws and regulations for which our Group had contravened in the past, at least annually to ensure that such procedures and policies are commensurate with our Group's operations and expansion plans from time to time;

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## CORPORATE GOVERNANCE

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- (s) assist our Board in fulfilling its responsibility for overseeing the integrity of our Group's system of accounting and financial reports and in maintaining a high standard of transparency and reliability in its corporate disclosures;
- (t) review the risk profile of our Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by our Board;
- (u) where applicable, to ensure that the internal audit function has unfettered access to all our Group's documents, records, properties and personnel, including our Audit Committee, and has appropriate standing within our Group;
- (v) review the assurance from the CEO and Financial Controller on the financial records and financial statements;
- (w) appraise the performance of the Financial Controller on an annual basis;
- (x) monitor the use of the proceeds from the Listing;
- (y) monitor the Controlling Shareholders and Ms. Ooi Wan Koon's compliance with the relevant deeds/undertakings provided to our Group;
- (z) monitor and review the results obtained by the finance department pursuant to its quarterly review in ensuring compliance with bank covenants for the credit facilities of our Group;
- (aa) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- (bb) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Prior to the Placement, and for the purposes of the Placement, our Company had engaged an internal auditor, Baker Tilly Monteiro Heng Governance Sdn. Bhd., to perform a review of our Group's internal control framework and risk management system. The scope of the internal controls review included (a) corporate governance and risk management, (b) revenue, billing, sales and pricing, and accounts receivables, (c) business development and marketing procedures, (d) purchasing, expenses and accounts payable, vendor and contractor management, (e) financial management, general control environment and interested party transactions, (f) general accounting controls, bank and cash management, (g) personal data protection procedures, (h) human resource functions and payroll management, (i) fixed assets management, and (j) general information technology and application controls, and data recovery management.

Based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by our management, our Board, to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls and risk management systems of our Group are adequate and effective to address financial, operational, compliance and information technology risks of our Group.

Our Audit Committee shall commission an annual internal controls audit until such time as our Audit Committee is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to the decommissioning of such annual internal controls audit, our Board shall report to the Sponsor and the SGX-ST the basis for deciding to decommission the annual internal controls audit, as well as measures taken to rectify key weaknesses in and/or strengthen the internal controls of our Group. Thereafter, our Audit Committee shall

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## CORPORATE GOVERNANCE

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commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of our Group have remained robust and effective. Upon the completion of the internal controls audit, our Board shall make the appropriate disclosures via SGXNET of any weaknesses in our Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by our Company. Our Group will also appoint a suitably qualified tax agent, to advise our Group on tax-related matters as and when required.

### Audit Committee's view of our Group's Financial Controller

Our Audit Committee, after having interviewed our Group's Financial Controller, Kuan Pin Seah, and after having considered:

- (a) the qualifications and past working experience of Kuan Pin Seah (as described in the section entitled "Directors, Executive Officers and Staff" of this Offer Document);
- (b) Kuan Pin Seah's demonstration of the requisite competency in accounting and finance-related matters of our Group in connection with the preparation of the listing of our Company; and
- (c) the absence of negative feedback on Kuan Pin Seah from the representatives of our Group's Independent Auditor and Reporting Accountant, BDO LLP, Singapore and the independent internal auditor for the Group for the purposes of the Placement, Baker Tilly Monteiro Heng Governance Sdn. Bhd.,

is of the view that Kuan Pin Seah is suitable for the position of our Group's Financial Controller.

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Kuan Pin Seah does not have the competence, character and integrity expected of a financial controller of a listed company.

### **Nominating Committee**

Our Nominating Committee comprises Dato (Dr.) Gooi, Mr. Ong Beng Chye and Ms. Wong Wan Chin. The chairman of our Nominating Committee is Dato (Dr.) Gooi. The quorum shall be any three (3) members, including the chairman of our Nominating Committee.

Our Nominating Committee will be responsible for, among others:

- (a) reviewing and recommending the appointment of new Directors and Executive Officers and re-nomination of our Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of our Group, and each Director's respective commitments outside our Group including his principal occupation and board representations on other companies, if any;
- (b) developing and maintaining a formal and transparent process for the selection, appointment and re-appointment of directors (including alternate directors, if any), taking into account the need for progressive renewal of our Board;
- (c) determining annually, and as and when circumstances require, whether or not a Director is independent, in accordance with the Code of Corporate Governance 2018;
- (d) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (e) determining and recommending to directors the maximum number of listed company board representations which any Director may hold and disclosing this in the Company's annual report;

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## CORPORATE GOVERNANCE

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- (f) undertaking a formal annual assessment of our Board's effectiveness as a whole and that of each of our Board committees and individual directors and recommend for our Board's approval the objective performance criteria and process for the evaluation of the effectiveness of our Board as a whole, and of each of our Board committee separately, as well as the contribution of each individual director to our Board;
- (g) reviewing the composition of our Board of Directors and Board committees to ensure that these comprise an appropriate mix of skills, experience, core competencies and knowledge of our Group and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and function competently and efficiently;
- (h) reviewing succession plans for our Executive Directors;
- (i) reviewing the training and professional development programs for our Board;
- (j) where a Director has multiple board representations, deciding whether the Director is able and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments and establish guidelines on what a reasonable and maximum number of such directorships and principal commitments for each director (or type of director) should be;
- (k) ensuring that the Directors submit themselves for re-nomination and re-election at least once every 3 years; and
- (l) reviewing and approving the employment of persons related to our Directors, CEO or Substantial Shareholders and the proposed terms of their employment.

Each member of our Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting on any resolutions in respect of the assessment of his performance, independence or re-nomination as Director.

Our Nominating Committee will decide how our Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long term Shareholders' value.

### Nominating Committee's view of our Independent Directors

Our Nominating Committee, after having considered the following:

- (a) the number of listed company directorships held by each of our Independent Directors;
- (b) the principal occupation and commitments of our Independent Directors;
- (c) the confirmations by our Independent Directors that they are able to devote sufficient time and attention to the matters of our Group;
- (d) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Substantial Shareholder of our Company, has no material relationship with our Company, its related corporations or with any directors of these corporations, its Substantial Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (e) the professional experience and expertise of our Independent Directors in different areas of specialisation; and
- (f) the composition of our Board,



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## CORPORATE GOVERNANCE

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is of the opinion that (i) each of our Independent Directors is individually and collectively able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as Independent Directors of our Company; and (ii) our Independent Directors, as a whole, represent a strong and independent element on our Board which is able to exercise objective judgement on corporate affairs independently from the Controlling Shareholders.

### Nominating Committee's view of Ms. Wong Wan Chin

Our Group had, from time to time, engaged Wong & Loh (which Ms. Wong Wan Chin is a partner of) to provide legal services to our Group (which comprised mainly the issuance of demand letters and applications for intellectual property). Ms. Wong Wan Chin was not the engagement partner involved in the provision of professional services by Wong & Loh to our Group (the "**Provision of Legal Services**").

The Executive Directors and Controlling Shareholders, Dr. Ooi and Ms. Chong, had also engaged Wong & Loh for the provision of legal services in relation to the conveyance of properties in their personal capacities (the "**Provision of Conveyancing Services**"). Ms. Wong Wan Chin was not the engagement partner involved in the Provision of Conveyancing Services by Wong & Loh to Dr. Ooi and Ms. Chong.

Furthermore, Wong & Loh had also entered into the following transactions with our Group during FY2019, FY2020, FY2021 and the period from 1 January 2022 to the Latest Practicable Date (the "**Relevant Period**"):

- (a) Wong & Loh had entered into a subscription agreement with Empiric Science for the use of our Group's aizenz application system in 2021 and renewed the subscription in 2022 (the "**Aizenz Services**"); and
- (b) Wong & Loh purchased COVID-19 test kits from our Group in 2021 (the "**Purchase of COVID Test Kits**").

Notwithstanding the above, our Nominating Committee and our Board (other than Ms. Wong Wan Chin) have determined that Ms. Wong Wan Chin is considered independent for the following reasons:

- (a) the aggregate fees paid by our Group to Wong & Loh for the Provision of Legal Services during the Relevant Period was approximately RM39,000, and were on an arm's length basis, in line with the standard market range of fees that Wong & Loh charges its other clients for such matters;
- (b) the aggregate fees charged by Wong & Loh to Dr. Ooi and Ms. Chong for the Provision of Conveyancing Services in FY2019 and FY2020 were approximately RM32,000 and were on an arm's length basis, in line with the standard market range of fees that Wong & Loh charges its other clients for such matters;
- (c) the aggregate fees charged by our Group to Wong & Loh for the Aizenz Services were approximately RM15,000, and were on an arm's length basis, in line with the fees that the Group charges unrelated third parties for similar services;
- (d) the Purchase of COVID Test Kits during the Relevant Period was approximately RM4,000, and was at cost;
- (e) Ms. Wong Wan Chin has undertaken to abstain from discussions and decisions relating to Wong & Loh by our Group and vice versa, including not being the engagement partner for professional services provided to our Group and/or our Controlling Shareholders by Wong & Loh; and
- (f) Ms. Wong Wan Chin has confirmed that neither she nor her immediate family has been employed by our Company or its related corporations in the current or any of the last three (3) financial years ended 31 December 2021.

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## CORPORATE GOVERNANCE

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Accordingly, our Nominating Committee and our Board (other than Ms. Wong Wan Chin) are of the view that the proposed appointment of Ms. Wong Wan Chin as an Independent Director is in compliance with Rule 406(3)(d) of the Catalist Rules, and Guideline 2.1 and Practice Guidance 2 of the Code of Corporate Governance 2018.

### Nominating Committee's views on the suitability of Mr. Ong Beng Chye as independent director

Mr. Ong Beng Chye is currently an independent director of five (5) other companies listed on the SGX-ST, namely, ES Group (Holdings) Limited, IPS Securex Holdings Limited, Hafary Holdings Limited, Geo Energy Resources Limited and Alpina Holdings Limited.

Our Nominating Committee (excluding Mr. Ong Beng Chye) is of the view that Mr. Ong Beng Chye would be able to devote adequate time and attention to the affairs of the Company to discharge his duties as an Independent Director of the Company, considering the following:

- (a) he had previously held concurrent directorships in 6 companies listed on the SGX-ST. Mr. Ong Beng Chye has a good attendance track record - in the last 5 years, Mr. Ong Beng Chye had attended all the board meetings and relevant board committee meetings of those SGX-listed companies in which he held directorships;
- (b) he has since stepped down as director of one of the aforesaid SGX-listed companies. Out of the remaining 5 SGX-listed companies in which Mr. Ong Beng Chye continues to hold directorships, 1 has a financial year end that is different from the Company's;
- (c) he has confirmed that he is able to devote sufficient time and attention to the affairs of the Company, notwithstanding his commitment to the other 5 SGX-listed companies as independent director. Our Board finds no reason to doubt this, considering in particular his experience and good attendance track record as mentioned in (a) above;
- (d) he is not subject to full-time work commitments but provides business management and consultancy services on a freelance basis through his own firm; and
- (e) he has informed the other companies listed on the SGX-ST that he holds directorships in of his proposed independent directorship appointment in the Company and there are no objections or negative feedback from these companies on his appointment.

The Nominating Committee (other than Mr. Ong Beng Chye) will continue to monitor and determine annually whether Mr. Ong Beng Chye will be able to devote sufficient time and attention to the affairs of the Company and adequately carry out his duties as an independent director.

### Nominating Committee's views on the suitability of Datuk Fadilah as independent director

Datuk Fadilah was a director of MY CO2 from April 2022 to September 2022.

Our Nominating Committee has determined that Datuk Fadilah is considered independent for the following reasons:

- (a) Datuk Fadilah's directorship in MY CO2 was non-executive in nature, and for only a relatively short period;
- (b) Datuk Fadilah and her immediate family members have not, 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, other than compensation for board service;
- (c) Datuk Fadilah and her immediate family members are or were not, in the current or immediate past financial year, 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; and

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## CORPORATE GOVERNANCE

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- (d) Datuk Fadilah is not directly associated with the Substantial Shareholders of our Company in the current or immediate past financial year.

Accordingly, the Nominating Committee is of the view that the proposed appointment of Datuk Fadilah as an Independent Director is in compliance with Catalist Rule 406(3)(d), and Guideline 2.1 and Practice Guidance 2 of the Code of Corporate Governance.

### Remuneration Committee

Our Remuneration Committee comprises Ms. Wong Wan Chin, Mr. Ong Beng Chye and Datuk Fadilah. The chairman of our Remuneration Committee is Ms. Wong Wan Chin. The quorum shall be any three (3) members, including the chairman of our Remuneration Committee.

Our Remuneration Committee will be responsible, for among others:

- (a) recommend to our Board a framework of remuneration for our Directors, CEO and Executive Officers, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee will be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be reviewed by our Remuneration Committee;
- (b) administration of the LMS Performance Share Plan and the LMS Employee Share Option Scheme;
- (c) review and approve any new employment of related employees (being employees that are related to our Directors, CEO and/or Substantial Shareholders) and the proposed terms of their employment, to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Our Remuneration Committee will also review and approve any bonuses, pay increments and/or promotions for these related employees. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him;
- (d) in the case of service contracts, reviewing the obligations arising in the event of termination of an executive director or executive officer's service contract, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous;
- (e) reviewing the terms of performance-related remuneration scheme or incentive schemes (if any) and determining the eligibility criteria of the employees who can participate in such scheme;
- (f) ensuring the remuneration policies and systems of our Group, as approved by our Board, support our Group's objectives and strategies, and are consistently being administered and being adhered to within our Group; and
- (g) proposing, for adoption by our Board, measurable, appropriate and meaningful performance targets for assessing the performance of the key management personnel, individual directors and of our Board as a whole.

### BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. Our Constitution provides that our Board will consist of not less than two (2) Directors. Save for Dr. Ooi and Ms. Chong, with whom we have entered into the Service Agreements, our Directors do not have fixed terms of office. Each Director is required to retire from office once every three (3) years and for this purpose, at each annual general meeting, one-third (or, if their number is not a multiple of three (3), the number nearest to but not lesser than one-third) of our Directors is required to retire from office by rotation. Directors who retire are eligible to stand for re-election.

Our Constitution has been summarised and set out in "Appendix C – Summary of our Constitution" of this Offer Document.

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## LMS PERFORMANCE SHARE PLAN

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### LMS Performance Share Plan

On 15 November 2022, our Shareholders adopted the LMS Performance Share Plan which shall be effective upon Listing. The rules of the LMS Performance Share Plan are set out in “Appendix F – Rules of the LMS Performance Share Plan” of this Offer Document.

Capitalised terms used in this Section bear the same meanings as defined in “Appendix F – Rules of the LMS Performance Share Plan” of this Offer Document. These rules comply with the requirements set out in the Catalyst Rules and the Companies Act.

The LMS Performance Share Plan will provide eligible participants (the “**Participants**”) with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The LMS Performance Share Plan forms an integral and important component of our compensation plan and is designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group.

As at the Latest Practicable Date, no Award has been granted under the LMS Performance Share Plan.

### Objectives of the LMS Performance Share Plan

The LMS Performance Share Plan is proposed on the basis that it is important to recognise the fact that the services of our employees are important to the success and continued well-being of our Group. Our Company, by implementing the LMS Performance Share Plan, will be able to give our employees a direct interest in our Company. Further, the LMS Performance Share Plan will also help to achieve the following positive objectives:

- (a) foster an ownership culture within our Group which aligns the interests of Participants with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of our Company and/or their respective business divisions and encourage greater dedication and loyalty to our Group;
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long-term growth and profitability of our Group, and whose skills are commensurate with our Company’s ambition to become a world class company; and
- (d) attract business relationships and potential employees with the relevant skills to contribute to our Group and to create value for our Shareholders.

The focus of the LMS Performance Share Plan is principally to target selected management and certain key employees who are able to drive the growth of our Company through creativity, firm leadership and excellent performance. Our Company believes that it will be more effective than merely having pure cash bonuses in place to motivate executives to work towards determined goals and in addition to the LMS Employee Share Option Scheme, the LMS Performance Share Plan will further strengthen our Company’s competitiveness in attracting and retaining talent.

The Performance Condition shall be determined at the absolute discretion of the Remuneration Committee, which may comprise factors such as (but not limited to) the market capitalisation or earnings of our Company at specified times.

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## LMS PERFORMANCE SHARE PLAN

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### Summary of the Rules of the LMS Performance Share Plan

The following is a summary of the Rules of the LMS Performance Share Plan:

#### Eligibility

The full-time employees of our Group and Group Directors who have attained the age of twenty-one (21) years and hold such rank as may be designated by our Remuneration Committee from time to time (the “**Group Employees**”) and who have been in full-time employment of our Group for a period of at least twelve (12) months (or in the case of Executive Directors, such shorter period as our Remuneration Committee may determine), and Non-Executive Directors (including our Independent Directors) of our Group who have attained the age of twenty-one (21) years and are not undischarged bankrupts and have not entered into a composition with their respective creditors, shall be eligible to participate in the LMS Performance Share Plan.

Controlling Shareholders of our Company or Associates of such Controlling Shareholders are eligible to participate in the LMS Performance Share Plan if their participation and Awards are approved by independent Shareholders in separate resolutions for each such person and for each such Award.

#### Abstention from Voting

Shareholders who are eligible to participate in the LMS Performance Share Plan are to abstain from voting on any Shareholders’ resolution relating to the LMS Performance Share Plan (including the participation in the LMS Performance Share Plan and the grant of Awards to the Participants) and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast for each of the Shareholders’ resolutions contemplated.

All Shareholders who are eligible to participate in the LMS Performance Share Plan shall abstain from voting on the resolutions, where applicable: (a) implementation of the LMS Performance Share Plan; and (b) their participation in the LMS Performance Share Plan and any grant of Awards to them.

#### Administration of the LMS Performance Share Plan

The Remuneration Committee, currently comprising of Ms. Wong Wan Chin, Mr. Ong Beng Chye and Datuk Fadilah, will be designated as the committee responsible for the administration of the LMS Performance Share Plan. The Remuneration Committee will determine, among others, the following in relation to an Award:

- (i) the Participant;
- (ii) the Award Date;
- (iii) the Performance Period;
- (iv) the number of Shares which are the subject of the Award;
- (v) the Performance Condition;
- (vi) the Release Schedule; and
- (vii) any other condition which the Remuneration Committee may determine in relation to that Award.

In compliance with the requirements of the Catalist Rules, a Participant of the LMS Performance Share Plan who is a member of the Remuneration Committee shall not be involved in its deliberations or decisions in respect of Awards granted or to be granted or held by that member of the Remuneration Committee.

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## LMS PERFORMANCE SHARE PLAN

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### Size of the LMS Performance Share Plan

The aggregate number of Award Shares which may be issued or transferred pursuant to Awards granted under the LMS Performance Share Plan on any date, when aggregated with the total number of new Shares allotted and issued and/or Shares to be allotted and issued delivered and/or to be delivered pursuant to Awards already granted under the LMS Performance Share Plan, and the aggregate number of Shares over which options or awards are granted under any share option schemes or share schemes of our Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date.

This 15.0% size is intended to accommodate the potential pool of participants arising from our base of eligible participants. We also hope that with the significant portion of our issued share capital set aside for our LMS Performance Share Plan, our employees, Executive Directors and Non-Executive Directors will recognise that we are making a good effort to reward them for their invaluable contributions to our Company by allowing them greater opportunities to participate in our equity.

We are of the view that the size of our LMS Performance Share Plan is reasonable, taking into account the share capital base of our Company, the contributions by our employees, Executive Directors and Non-Executive Directors and the potential number of employees as our business expands. Implementing our LMS Performance Share Plan with the maximum amount of Shares not exceeding 15.0% of the number of issued Shares (excluding treasury shares and subsidiary holdings) of our Company will enable us to maintain flexibility and remain competitive in the industry.

The LMS Performance Share Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that it may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

As the LMS Performance Share Plan is valid for a period of ten (10) years, this maximum limit of the 15.0% of our Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) allows for a potential increase in the number of employees as our Company expands in the future.

### Limitations on Shares under the LMS Performance Share Plan

The aggregate number of Shares which may be issued or transferred pursuant to Awards under the LMS Performance Share Plan to Participants who are Controlling Shareholders and their Associates (including adjustments made in accordance with Rule 9 of the LMS Performance Share Plan) shall not exceed the 25.0% of the total number of Shares available under the LMS Performance Share Plan.

The aggregate number of Shares which are the subject of each Award to be granted to a Participant shall not exceed the 10.0% of the total number of Shares available under the LMS Performance Share Plan.

Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Remuneration Committee under the LMS Performance Share Plan.

### Grant of Awards

The Remuneration Committee may grant Awards to Group Employees and Non-Executive Directors as the Remuneration Committee may select, in its absolute discretion, at any time during the period when the LMS Performance Share Plan is in force, provided that no Participant who is a member of the Remuneration Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the LMS Performance Share Plan shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria as it considers fit, such as (but not limited to) his rank, job performance, years of service, potential for future development, his contribution to the success and development of our Group and the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period. The Performance Condition will be set by the Remuneration Committee.

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## LMS PERFORMANCE SHARE PLAN

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An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Remuneration Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Remuneration Committee, that Award or Released Award shall immediately lapse.

### Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, provided that the Performance Conditions are met and upon expiry of the Performance Period.

Shares which are allotted and issued or transferred to a Participant pursuant to the release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by our Remuneration Committee in the Award Letter), except to the extent set out in the Award Letter or previously approved by our Remuneration Committee.

### Details of Awards

Our Remuneration Committee shall decide, in relation to each Award to be granted to a Participant:

- (a) the date on which the Award is to be granted;
- (b) the number of Shares which are the subject of the Award;
- (c) the Performance Condition and the Performance Period, if any;
- (d) the extent to which Shares, which are the subject of that Award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period; and
- (e) any other condition which our Remuneration Committee may determine in relation to that Award. Our Remuneration Committee may consist of Directors (including Directors or persons who may be participants of the LMS Performance Share Plan).

### Events Prior to Vesting

Special provisions for the Vesting and lapsing of Awards apply in certain circumstances, including the following:

- (a) the misconduct on the part of a Participant as determined by our Remuneration Committee in its discretion;
- (b) the Participant ceasing to be in the employment of our Group for any reason whatsoever (other than as specified in paragraph (e) below);
- (c) an order being made or a resolution passed for the winding-up of our Company on the basis, or by reason, of its insolvency;
- (d) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;
- (e) the Participant ceases to be in the employment of our Group by reason of:
  - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of our Remuneration Committee);
  - (ii) redundancy;

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## LMS PERFORMANCE SHARE PLAN

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- (iii) retirement at or after the legal retirement age;
  - (iv) retirement before the legal retirement age with the consent of our Remuneration Committee;
  - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group, as the case may be;
  - (vi) (where applicable) his transfer of employment between companies within our Group;
  - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within our Group;
  - (viii) the death of a Participant; or
  - (ix) any other event approved by our Remuneration Committee; or
- (f) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (c) above or for amalgamation or reconstruction).

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, subject as provided in the rules of the LMS Performance Share Plan and to the extent not yet released, immediately lapse without any claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (d) and (e) above, our Remuneration Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant Performance Period.

In exercising its discretion, our Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable Performance Conditions and targets have been satisfied.

Upon the occurrence of the events specified in paragraph (f) above, our Remuneration Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant.

If our Remuneration Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, our Remuneration Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the applicable Performance Conditions and targets have been satisfied.

Notwithstanding the expiry or termination of the LMS Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

### Operation of the LMS Performance Share Plan

No minimum vesting periods are prescribed under the LMS Performance Share Plan and the length of the vesting period in respect of each Award will be determined by the Remuneration Committee on a case-by-case basis.



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## LMS PERFORMANCE SHARE PLAN

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Subject to the prevailing legislation, our Company will deliver Shares to Participants upon Vesting of their Awards by way of (i) an issue of new Shares; (ii) a transfer of Shares then held by our Company in treasury; or (iii) a combination of (i) and (ii). In determining whether to issue new Shares to Participants upon Vesting of their Awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

New Shares allotted and issued, and existing Shares procured by our Company for transfer on the release of an Award shall be eligible for all entitlements, including voting, dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

Our Remuneration Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, our Remuneration Committee shall have the right to make computational adjustments to the audited results of our Company or our Group, to take into account such factors as our Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Condition if our Remuneration Committee decides that a changed performance target would be a fairer measure of performance.

### Adjustment Events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-division of Shares, consolidation of Shares, capital distribution, or otherwise howsoever) shall take place, then:

- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested;
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the LMS Performance Share Plan, and/or;
- (c) the maximum number of Shares which may be issued pursuant to Awards granted under the Plan,

shall be adjusted in such manner as our Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, or the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share option schemes or share schemes of the Company (including the LMS Employee Share Option Scheme and this Plan) shall not normally be regarded as a circumstance requiring adjustment, unless our Remuneration Committee considers an adjustment to be appropriate.

Any adjustment (except in relation to a bonus issue) must be confirmed in writing by our Company's auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

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## LMS PERFORMANCE SHARE PLAN

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### Modifications to the LMS Performance Share Plan

Any or all of the provisions of the LMS Performance Share Plan may be modified and/or altered at any time and from time to time by a resolution of the Remuneration Committee, subject to compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed, and for so long as our Company is listed on Catalist, shall not be made without the prior approval of the Sponsor (acting as agent and on behalf of the SGX-ST) and/or the SGX-ST and such other regulatory authorities as may be necessary. However, no modification or alteration shall adversely affect the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full.

No alteration shall be made to the particular rules of the LMS Performance Share Plan to the advantage of the Participants, except with the prior approval of Shareholders in a general meeting.

Written notice of any modification or alteration made in accordance Rule 12 of the LMS Performance Share Plan shall be given to all Participants.

### **Reporting Requirements**

Under the Catalist Rules, an immediate announcement must be made on the date an Award is granted and must provide details of the grant, including the following:

- (a) date of grant;
- (b) market price of the Shares on the date of grant of the Award;
- (c) number of Shares granted under the Award;
- (d) number of Shares granted to each Director and Controlling Shareholder (and each of their Associates) under the Award, if any; and
- (e) the Vesting period in relation to the Award.

The following disclosures (as applicable) will be made by our Company in our annual report for so long as the LMS Performance Share Plan continues in operation:

- (a) the names of the members of the committee administering the LMS Performance Share Plan;
- (b) the information required in the table below for the following participants of the LMS Performance Share Plan:
  - (i) Directors of our Company;
  - (ii) Controlling Shareholders and their Associates; and

## LMS PERFORMANCE SHARE PLAN

- (iii) Participants (other than those in paragraphs (b)(i) and (ii) above) who have received 5.0% or more of the total number of Shares available under LMS Performance Share Plan:

Name of participant	Aggregate number of Shares comprised in Awards granted under the LMS Performance Share Plan during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of LMS Performance Share Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards issued and/or transferred pursuant to the vesting of Awards since commencement of the LMS Performance Share Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review

- (c) such other information as may be required by the Catalist Rules or the Companies Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement will be included herein.

### **Rationale for participation of Executive Directors and employees of our Group**

The extension of the LMS Performance Share Plan to Executive Directors and employees of our Group allows us to have a fair and equitable system to reward Executive Directors and employees who have made and will continue to make significant contributions to the long-term growth of our Group.

We believe that the LMS Performance Share Plan will also enable us to attract, retain and provide incentives to its Participants to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating Participants to contribute towards the long-term growth of our Group.

### **Rationale for participation by Non-Executive Directors**

While the LMS Performance Share Plan caters principally to our employees, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include our Non-Executive Directors.

Our Non-Executive Directors are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, experience, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise our Non-Executive Directors. By aligning the interests of our Non-Executive Directors with the interests of our Shareholders, our Company aims to instill a sense of commitment on the part of our Non-Executive Directors towards serving both the short and long term objectives of our Group.

Our Directors are of the view that including our Non-Executive Directors in the LMS Performance Share Plan will show our Company's appreciation for them and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the LMS Performance Share Plan be made open to our Non-Executive Directors, any Awards that may be granted to any such Non-Executive Director would be intended only as a token of our Company's appreciation.

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## LMS PERFORMANCE SHARE PLAN

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For the purpose of assessing the contributions of our non-executive Directors, the Remuneration Committee will propose a performance framework which will comprise, amongst others, non-financial performance measurement criteria, such as the extent of involvement and responsibilities shouldered by our Non-Executive Directors. In addition, the Remuneration Committee will also consider the scope of advice given, the number of contacts and size of deals which our Group is able to procure from those contacts and recommendations made by our Non-Executive Directors. The Remuneration Committee may also decide that no Awards shall be made in any financial year or no grant and/or Award may be made at all.

It is envisaged that the vesting of Awards, and hence the number of Shares to be delivered to our Non-Executive Directors based on the criteria set out above will be relatively small, in terms of the frequency and numbers. Based on this, our Directors are of the view that the participation by our Non-Executive Directors in the LMS Performance Share Plan will not compromise the independent status of those who are Independent Directors.

### **Rationale for participation by Controlling Shareholders and their Associates**

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the LMS Performance Share Plan to employees who are Controlling Shareholders and Associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of Controlling Shareholders and their Associates in the LMS Performance Share Plan will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long term view of our Group.

Although Participants who are Controlling Shareholders or Associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the LMS Performance Share Plan to include them ensures that they are equally entitled, with the other employees of our Group, who are not Controlling Shareholders or Associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the LMS Performance Share Plan solely by reason that he/she is a Controlling Shareholder or an Associate of our Controlling Shareholders.

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each of such Participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of our Controlling Shareholders and their Associates, the number of and terms of the Awards to be granted to our Controlling Shareholders and their Associates shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the LMS Performance Share Plan resulting from the participation of employees who are Controlling Shareholders or Associates of our Controlling Shareholders.

### **Financial Effects of the LMS Performance Share Plan**

The LMS Performance Share Plan is considered a share-based payment that falls under SFRS(I) 2 Share-based Payment (“**SFRS(I) 2**”) where Participants will receive Shares and the Awards will be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the income statement over the period between the grant date and the vesting date of an Award. The fair value per share of the Awards granted will be determined using a generally accepted valuation methodology for pricing financial instruments. The significant inputs into the valuation methodology will include, among others, the share price as at the date of grant of the Award, the risk-free interest rate, the vesting period, volatility of the share and dividend yield. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the Vesting Date, with a corresponding credit to the reserve

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## LMS PERFORMANCE SHARE PLAN

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account. Before the end of the Vesting period, at each accounting year end, the estimate of the number of Awards that are expected to vest by the Vesting Date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the Vesting Date, no adjustment to the charge to the income statement is made.

The amount charged to the income statement also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the performance target is not a market condition and the Awards Vest as a result of meeting such performance target, the fair value per share of the Awards granted at the grant date is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment by the management at such accounting date of whether the non-market conditions have been met to enable the Awards to vest. Thus, where the Vesting conditions do not include a market condition, there would be no cumulative charge to the profit or loss if the Awards do not ultimately Vest.

In the event that the Participants receive cash, our Company shall measure the fair value of the liability at grant date. Until the liability is settled, our Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in the income statement.

The following sets out the financial effects of the LMS Performance Share Plan:

(a) Share capital

The LMS Performance Share Plan will result in an increase in our Company's issued share capital when new Shares are issued to Participants. The number of new Shares issued will depend on, among others, the size of the Awards granted under the LMS Performance Share Plan. In any case, the LMS Performance Share Plan provides that the number of Shares to be issued under the LMS Performance Share Plan, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of our Company, will be subject to the maximum limit of the 15.0% of our Company's total number of issued Shares (excluding Shares held by our company as treasury shares) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to Participants, the LMS Performance Share Plan will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the LMS Performance Share Plan is likely to result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with SFRS(I) 2. When new Shares are issued under the LMS Performance Share Plan, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to Participants under the LMS Performance Share Plan will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) EPS

The LMS Performance Share Plan is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2. It should again be noted that the delivery of Shares to Participants of the LMS Performance Share Plan will generally be contingent upon the Participants meeting the prescribed performance targets and conditions. The issuance of new Shares under the LMS Performance Share Plan will have a dilutive impact on our EPS.

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## LMS PERFORMANCE SHARE PLAN

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(d) Dilutive Impact

The allotment of new Shares under the LMS Performance Share Plan will have a dilutive impact on our consolidated EPS.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Award Shares which may be issued upon the release of the Award Shares to be granted under the LMS Performance Share Plan. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, our Shares, the Placement Shares, the ZC Shares, the Option Shares or the Award Shares.

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## LMS EMPLOYEE SHARE OPTION SCHEME

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### LMS Employee Share Option Scheme

On 15 November 2022, our Shareholders adopted a share option scheme known as the LMS Employee Share Option Scheme to be effective upon Listing. The rules of the LMS Employee Share Option Scheme are set out in “Appendix G – Rules of the LMS Employee Share Option Scheme” of this Offer Document. The LMS Employee Share Option Scheme complies with the relevant rules as set out in Chapter 8 of the Catalist Rules.

Capitalised terms used in this Section bear the same meanings as defined in “Appendix G – Rules of the LMS Employee Share Option Scheme” of this Offer Document.

As at the Latest Practicable Date, no Options have been granted under the LMS Employee Share Option Scheme.

### Objectives of the LMS Employee Share Option Scheme

The objectives of the LMS Employee Share Option Scheme are as follows:

- (a) to provide eligible Participants with an opportunity to participate in the growth and equity of our Company and to motivate them to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees and Directors whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of our Group;
- (d) to attract business relationships and potential employees with the relevant skills to contribute to our Group and to create value for our Shareholders;
- (e) to reward and retain Executive Directors, Non-Executive Directors and employees whose services are vital to the success of our Group; and
- (f) to align the interests of Participants with the interests of our Shareholders.

The reason for having the LMS Employee Share Option Scheme in addition to the LMS Performance Share Plan is to provide our Group with greater flexibility in structuring the compensation packages of eligible Participants and providing an additional tool to motivate and retain employees through the offering of compensation packages that are market-competitive. Please refer to the section entitled “LMS Performance Share Plan” of this Offer Document for details on the LMS Performance Share Plan.

### Summary of the Rules of the LMS Employee Share Option Scheme

A summary of the rules of the LMS Employee Share Option Scheme is set out as follows:

#### Eligibility

Under the rules of the LMS Employee Share Option Scheme, Group Employees who have attained the age of twenty one (21) years on or prior to the Offer Date and who have, as of the date of grant, been in our Group’s employment for at least twelve (12) months (or such shorter period as our Remuneration Committee may determine) and Non-Executive Directors (including our Independent Directors) of our Group who have attained the age of twenty one (21) years on or prior to the Offer Date, shall be eligible to participate in the LMS Employee Share Option Scheme, provided that none of them shall be an undischarged bankrupt or have entered into a composition with his creditors.

Controlling Shareholders of our Company or Associates of such Controlling Shareholders who satisfy the above criteria are eligible to participate in the LMS Employee Share Option Scheme if their participation and the actual or maximum number of Shares and terms of any Options to be granted to them are approved by independent Shareholders in separate resolutions for each such person and for each such grant of Options.

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## LMS EMPLOYEE SHARE OPTION SCHEME

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### Administration of the LMS Employee Share Option Scheme

The LMS Employee Share Option Scheme shall be administered by our Remuneration Committee, currently comprising of Ms. Wong Wan Chin, Mr. Ong Beng Chye and Datuk Fadilah, in their absolute discretion and with such powers and duties as conferred on it by our Board.

Our Remuneration Committee may consist of Directors (including Directors or persons who may be participants of the LMS Employee Share Option Scheme). However, a member of our Remuneration Committee who is also a Participant must not be involved in its deliberation in respect of Options granted or to be granted to him.

### Size of the LMS Employee Share Option Scheme

The aggregate number of Shares over which our Remuneration Committee may grant Options on any date, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of all Options granted under the LMS Employee Share Option Scheme and the number of Shares issued and issuable or transferred and to be transferred in respect of all Options or awards granted under any other share option, share incentive, performance share, restricted share plan or such other share scheme of our Company, shall not exceed 15.0% of the total number of all issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the date on which an offer to grant an Option is made.

Our Company believes that this 15.0 % limit gives our Company sufficient flexibility to decide the number of Option Shares to offer to our existing and new employees. The number of eligible Participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of our talent pool which may involve employing new employees. The employee base, and thus the number of eligible Participants, will increase as a result. If the number of Options available under the LMS Employee Share Option Scheme is limited, our Company may only be able to grant a small number of Options to each eligible Participant which may not be a sufficiently attractive incentive.

Our Company is of the opinion that it should have a sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant enough to serve as a meaningful reward for Group Employees' or Non-Executive Directors' contributions to our Group. However, it does not necessarily mean that our Remuneration Committee will definitely issue Option Shares up to the prescribed limit. Our Remuneration Committee shall exercise its discretion in deciding the number of Options to be granted to each Grantee under the LMS Employee Share Option Scheme, which will depend on the performance and value of the Grantee to our Group.

### Limitation on Shares under the LMS Employee Share Option Scheme

The aggregate number of Shares which may be issued or transferred pursuant to Options under the LMS Employee Share Option Scheme to Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the LMS Employee Share Option Scheme.

The number of Shares which may be issued or transferred pursuant to Options under the LMS Employee Share Option Scheme to each Participant shall not exceed 10.0% of the Shares available under the LMS Employee Share Option Scheme.

### Entitlement

The aggregate number of Shares comprised in any Options to be offered to a Grantee shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account criteria such as rank, past performance, years of service, contribution to the success and development of our Group, and potential development of that Grantee.



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## LMS EMPLOYEE SHARE OPTION SCHEME

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### Options, exercise period and exercise price

The Options that are granted under the LMS Employee Share Option Scheme may have exercise prices that are, at our Remuneration Committee's discretion, set at:

- (a) a price equal to the average of the last dealt prices for a Share on the Catalist for the five (5) consecutive market days immediately preceding the date on which an offer to grant an Option is made (the "**Market Price**"); or
- (b) at a discount to the Market Price (subject to a maximum discount of 20.0%). Options which are fixed at the Market Price (the "**Market Price Option**") may be exercised after the first anniversary of the date on which an offer to grant that Option is made while Options exercisable at a discount to the Market Price (the "**Discounted Price Option**") may be exercised after the second anniversary from the date on which an offer to grant that Option is made.

Options granted under the LMS Employee Share Option Scheme to any Group Employee (other than Non-Executive Directors) will have a life span of up to ten (10) years from the date on which they were granted, save that it shall not exceed the duration of the LMS Employee Share Option Scheme, and all Options granted to Non-Executive Directors shall have a life span of up to five (5) years from the date on which they were granted, save that it shall not exceed the duration of the LMS Employee Share Option Scheme.

### Grant of Options

Under the rules of the LMS Employee Share Option Scheme, there are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time from time to time at the discretion of our Remuneration Committee. However, no Option shall be granted during the period of thirty (30) days immediately preceding the date of announcement of our Company's interim or final results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made on or after the third market day from the date on which the aforesaid announcement is released.

### Termination of Options

Special provisions in the rules of the LMS Employee Share Option Scheme deal with the lapse or earlier exercise of Options in circumstances which include the termination of the Participant's employment in our Group, the bankruptcy of the Participant, the death of the Participant, a take-over of our Company, and the winding-up of our Company.

### Acceptance of Options

The grant of Options shall be accepted within thirty (30) days from the date of the offer. Offers of Options made to Grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the Grantee must pay our Company a consideration of S\$1.00 or such amount as the Remuneration Committee may decide.

Subject to the prevailing legislation, our Company will deliver Shares to Participants upon exercise of their Options by way of either (i) an issue of new Shares; and/or (ii) a transfer of Shares then held by our Company in treasury.

In determining whether to issue new Shares to Participants upon exercise of their Options, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

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## LMS EMPLOYEE SHARE OPTION SCHEME

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Shares arising from the exercise of Options are subject to the provisions of the Constitution of our Company. Shares allotted and issued, and existing Shares procured by our Company for transfer, upon the exercise of an Option shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions, the Record Date for which is prior to the relevant exercise date of the Option. “**Record Date**” means the date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

### Duration of the LMS Employee Share Option Scheme

The LMS Employee Share Option Scheme shall continue in operation for a maximum duration of ten (10) years commencing from the date on which the LMS Employee Share Option Scheme was adopted and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

### Abstention from voting

Shareholders who are eligible to participate in the LMS Employee Share Option Scheme are to abstain from voting on any Shareholders’ resolution relating to the LMS Employee Share Option Scheme and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, all Shareholders who are eligible to participate in the LMS Employee Share Option Scheme shall abstain from voting on the following resolutions, where applicable: (a) implementation of the LMS Employee Share Option Scheme; (b) the maximum discount which may be given in respect of any Option; and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

### Adjustments under the LMS Employee Share Option Scheme

The following describes the adjustment events under the LMS Employee Share Option Scheme.

If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or capital reduction, sub-division of Shares, consolidation of Shares or capital distribution, or otherwise howsoever) should take place, then:

- (a) the exercise price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- or
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the maximum entitlement in any one financial year; and/or
- (d) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of our Remuneration Committee, be adjusted in such manner as our Remuneration Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of our Company’s auditors (acting only as experts and not as arbitrators), that, in their opinion, such adjustment is fair and reasonable.

Notwithstanding the above, any adjustment must be made in such a way that: (a) a Participant will not receive a benefit that a Shareholder does not receive; and (b) our Remuneration Committee after considering all relevant circumstances considers it equitable to do so.

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## LMS EMPLOYEE SHARE OPTION SCHEME

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The issue of securities as consideration for an acquisition of any assets by our Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by our Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment.

### Modifications to the LMS Employee Share Option Scheme

Any or all of the provisions of the LMS Employee Share Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which, in the opinion of the Remuneration Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be issued and allotted or transferred upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the LMS Employee Share Option Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST, any other stock exchange on which the Shares are quoted or listed, or such other regulatory authorities as may be necessary.

Written notice of any modification or alteration to the LMS Employee Share Option Scheme rules shall be given to all Participants.

### **Reporting requirements**

Under the Catalist Rules, an immediate announcement must be made on the date of grant of an Option and the announcement must provide details of the grant, including the following:

- (a) date of grant;
- (b) exercise price of the Options granted;
- (c) number of Options granted;
- (d) market price of the Shares on the date of grant;
- (e) number of Options granted to each Director and Controlling Shareholder (and each of their Associates), if any; and
- (f) the validity period of the Options.

The following disclosures shall be made by our Company in its annual report to Shareholders for so long as the LMS Employee Share Option Scheme continues in operation:

- (a) the names of the members of the Remuneration Committee;
- (b) the information required in the table below in respect of the following Participants of the LMS Employee Share Option Scheme:
  - (i) Directors of our Company;

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- (ii) Controlling Shareholders and their Associates; and
- (iii) Participants, other than those in (i) and (ii) above, who receive 5.0% or more of the total number of Options available under the LMS Employee Share Option Scheme:

Name of Participant	Options granted under the LMS Employee Share Option Scheme during the financial year under view (including terms)	Aggregate Options granted since commencement of the LMS Employee Share Option Scheme to end of financial year under review	Aggregate Options exercised since commencement of the LMS Employee Share Option Scheme to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

- (c) the number and proportion of Options granted at the following discounts to the Market Price in the financial year under review:
  - (i) Options granted at up to 10.0% discount; and
  - (ii) Options granted at between 10.0% but not more than 20.0% discount; and
- (d) such other information as may be required by the Catalist Rules or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included herein.

### Grant of Discounted Price Options

The ability to offer Options to Participants of the LMS Employee Share Option Scheme with exercise prices set at a discount to the prevailing market prices of the Shares will operate as a means to recognise the performance of Participants, as well as to motivate them to continue to excel, while encouraging them to focus more on improving the profitability and returns of our Group above a certain level, which will benefit all Shareholders when these factors are eventually reflected through share price appreciation. The LMS Employee Share Option Scheme will also serve to recruit new group employees whose contributions are important to the long-term growth and profitability of our Group. Discounted Price Options would be perceived in a more positive light by the Participants, inspiring them to work hard and produce results in order to be offered Options at a discount as only employees who have made outstanding contributions to the success and development of our Group would be granted such Discounted Price Options.

At present, our Company foresees that Options may be granted with a discount principally in the following circumstances:

- (a) Firstly, where it is considered more effective to reward and retain talented employees by way of a Discounted Price Option rather than a Market Price Option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the Discounted Price Option serves as an additional incentive to such group employees. Options granted by our Company to talented employees on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period, the ability to offer such Discounted Price Options would allow our Company to grant Options on a more realistic and economically feasible basis. Furthermore, Options granted at a discount will give an opportunity to employees to realise some tangible benefits even if external events cause the price of our Shares to remain largely static.

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- (b) Secondly, where it is more meaningful and attractive to acknowledge a Participant's achievements through a Discounted Price Option rather than paying him a cash bonus. For example, Options granted at a discount may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of Market Price Options or Discounted Price Options, as part of eligible employees' compensation packages. The LMS Employee Share Option Scheme will provide employees with an incentive to focus more on improving the profitability of our Group, thereby enhancing shareholder value when these are eventually reflected through the price appreciation of the Shares after the vesting period.
- (c) Thirdly, where due to speculative forces and having regard to the historical performance of the Share price, the market price of the Shares at the time of the grant of the Options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

Our Remuneration Committee will have the absolute discretion to grant Options where the exercise price is discounted, to determine the level of discount (subject to a maximum discount of 20.0% of the Market Price) and the Grantees to whom, and the Options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the LMS Employee Share Option Scheme at a discount not exceeding the maximum discount as aforesaid.

### **Rationale for participation of Group Employees and Non-Executive Directors (including the Independent Directors) of our Group in the LMS Employee Share Option Scheme**

The extension of the LMS Employee Share Option Scheme to Group Employees and Non-Executive Directors (including our Independent Directors) of our Group allows our Group to have a fair and equitable system to reward Directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the LMS Employee Share Option Scheme will also enable us to attract, retain and provide incentives to Participants in order for them to achieve higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating Participants generally to contribute towards the long-term growth of our Group.

Although the Non-Executive Directors are not involved in the day-to-day running of our Group's business, they nonetheless play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by the Non-Executive Directors in the LMS Employee Share Option Scheme will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, Non-Executive Directors may bring strategic expertise, insight or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to Non-Executive Directors will allow our Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as Non-Executive Directors, and to motivate our existing Non-Executive Directors to take extra efforts to promote the interests of our Company and/or our Group.

In deciding whether to grant Options to Non-Executive Directors, the Remuneration Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular Non-Executive Director. The Remuneration Committee may also, where it considers relevant, take into account other factors such as economic conditions and our Company's performance. In order to minimise any potential conflict of interests and not to compromise the independence of the Non-Executive Directors, our Company intends to grant only a nominal number of Options under the LMS Employee Share Option Scheme to such Non-Executive Directors.

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## LMS EMPLOYEE SHARE OPTION SCHEME

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### **Rationale for participation of Controlling Shareholders and their Associates in the LMS Employee Share Option Scheme**

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders and their Associates are also important to the development and success of our Group. The extension of the LMS Employee Share Option Scheme to confirmed full-time employees who are Controlling Shareholders and their Associates will allow our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of Controlling Shareholders and their Associates in the LMS Employee Share Option Scheme will serve as a form of remuneration to reward the Controlling Shareholders and their Associates for their significant contributions to our Group, align their interests with those of our Group, thereby motivating them to take a long-term view of our Group.

Although Participants who are Controlling Shareholders and their Associates may already have shareholding interests in our Company, the extension of the LMS Employee Share Option Scheme to include them ensures equal treatment between other employees of our Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the LMS Employee Share Option Scheme solely by reason that he/she is a Controlling Shareholder or an Associate of a Controlling Shareholder.

As a safeguard, the Controlling Shareholders and their Associates will only be able to participate in the LMS Employee Share Option Scheme provided that (a) the specific approval of our independent Shareholders is obtained for the participation of such persons; (b) each grant of an Option, including the actual number of and terms (including the exercise price) of such Options to be granted to each Controlling Shareholder or his Associate shall be provided and may only be effected with the specific prior approval of independent Shareholders in general meeting by a separate resolution. In seeking such approval from our independent Shareholders, there must be clear justification as to the participation of our Controlling Shareholders and/or their Associates. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the LMS Employee Share Option Scheme resulting from the participation of employees who are Controlling Shareholders and/or their Associates.

### **Financial effects of the LMS Employee Share Option Scheme**

The LMS Employee Share Option Scheme will increase our issued share capital to the extent of the new Shares that will be issued and allotted pursuant to the exercise of Options. Under SFRS(I) 2, the fair value of employee services received in exchange for the grant of the Options would be recognised as an employee expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each Option granted at the grant date and the number of Options vested by the vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of Options that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made. The proceeds net of any directly attributable transaction costs are credited to the share capital when the Options are exercised.

During the vesting period, the EPS of our Group would be reduced by both the expenses recognised and the potential new ordinary Shares to be issued under the LMS Employee Share Option Scheme. When the Options are exercised, the NTA of our Group will be increased by the amount of cash received for exercise of the Options. On a per Share basis, the effect is accretive if the exercise price is above the NTA per Share but dilutive otherwise.

There will be no cash outlay expended by us at the time of grant of such Options as compared to the payment of cash bonuses. However, as Shareholders may be aware, any Options granted to subscribe for new Shares (whether the exercise price is set at the market price of the Shares at the date of grant or otherwise) have a fair value at the time of grant. The fair value of an Option is an estimate of the amount that a willing buyer would pay a willing seller for the Option on the grant date. Options are granted to

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## LMS EMPLOYEE SHARE OPTION SCHEME

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participants at a nominal consideration of S\$1.00. Insofar as such Options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company in that we will receive from the participant upon the grant of the Option a consideration that is less than the fair value of the Option.

The following sets out the financial effects of the LMS Employee Share Option Scheme.

(a) Share capital

The LMS Employee Share Option Scheme will result in an increase in our Company's issued share capital when new Shares are issued to participants. The number of new Shares issued will depend on, *inter alia*, the size of the Options granted under the LMS Employee Share Option Scheme. Whether and when the Options granted under the LMS Employee Share Option Scheme will be exercised will depend on the exercise price of the Options, when the Options will vest as well as the prevailing trading price of the Shares. In any case, the LMS Employee Share Option Scheme provides that the number of Shares to be issued or transferred under the LMS Employee Share Option Scheme, when aggregated with the aggregate number of Shares over which Options or Awards are granted under any other share option schemes or share schemes of our Company, will be subject to the maximum limit of 15.0% of our Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time. If instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the LMS Employee Share Option Scheme will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the grant of Options will be recognised as an expense, the amount of which will be computed in accordance with SFRS(I) 2. When new Shares are issued pursuant to the exercise of Options, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants, the NTA would be impacted by the cost of the Shares purchased.

(c) EPS

The LMS Employee Share Option Scheme is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2. It should again be noted that the delivery of Shares to participants will generally be contingent upon the participants meeting the prescribed performance targets and conditions.

(d) Dilutive impact

The issuance of new Shares under the LMS Employee Share Option Scheme will have a dilutive impact on our EPS of our Group.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Option Shares which may be issued upon the exercise of the Options to be granted under the LMS Employee Share Option Scheme. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries, our Shares, the Placement Shares, the ZC Shares, the Option Shares or the Award Shares.

## INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, our Directors, CEO or Controlling Shareholders or their respective Associates) constitute interested person transactions. Details of interested person transactions of our Group for the Relevant Period are set out below.

Save as disclosed below and in the section entitled “Restructuring Exercise” of this Offer Document, none of our Directors, CEO or Controlling Shareholders or their respective Associates (each, an “**Interested Person**”) was or is interested in any material transaction undertaken by our Group during the Relevant Period.

In line with Chapter 9 of the Catalist Rules, a transaction of value less than S\$100,000 is not considered material in the context of the Placement and is not taken into account for the purposes of aggregation in this section.

### INTERESTED PERSONS

Interested Person	Relationship with our Group
Dr. Ooi	: The Executive Director and Chief Executive Officer of our Company, and a Controlling Shareholder
Ms. Chong	: The Executive Director and Chief Development Officer of our Company, and a Controlling Shareholder
Ms. Wong Wan Chin	: The Independent Director of our Company
Wong & Loh	: The law firm of which Ms. Wong Wan Chin is a managing partner of and has an interest of 35% in, and is thus an associate of Ms. Wong Wan Chin

### PAST INTERESTED PERSON TRANSACTIONS

#### (I) Reimbursement claims against our Group made by Dr. Ooi and Ms. Chong

During the Relevant Period, Dr. Ooi and Ms. Chong have made reimbursement claims against our Group and the amounts of such claims are set out below:

	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)	Amount outstanding as at the Latest Practicable Date (RM'000)	Largest amount outstanding during the Relevant Period (RM'000) <sup>(1)</sup>
Dr. Ooi	1	–	2	1	3	–	2
Ms. Chong	–	–	4	–	–	–	4

**Note:**

(1) Based on outstanding amounts as at the end of each of the respective financial years/period, and as at the Latest Practicable Date for the Relevant Period.

Dr. Ooi and Ms. Chong have inadvertently made claims against our Group for personal expenses for which they were reimbursed by our Group.

As at the Latest Practicable Date, all outstanding amounts due from Dr. Ooi and Ms. Chong have been repaid.

Our Directors are of the view that such payments made by our Group were not on arms' length basis, were not on normal commercial terms and were prejudicial to the interests of our Group and our minority Shareholders as they were interest-free, unsecured and had no fixed terms of repayment.

Our Group does not intend to enter into such transactions following our Listing.



## INTERESTED PERSON TRANSACTIONS

### (II) Payments made by Dr. Ooi and Ms. Chong on behalf of our Group

During the Relevant Period, Dr. Ooi and Ms. Chong had made payments on behalf of our Group in respect of our operating expenses. The amounts of such payments are set out below:

	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)	Amount outstanding as at the Latest Practicable Date (RM'000)	Largest amount outstanding during the Relevant Period (RM'000) <sup>(1)</sup>
Dr. Ooi	212	256	202	38	78	–	43
Ms. Chong	4	7	20	1	3	–	20

**Note:**

- (1) Based on outstanding amounts as at the end of each of the respective financial years/period, and as at the Latest Practicable Date for the Relevant Period.

As at the Latest Practicable Date, all outstanding amounts due from our Group to Dr. Ooi and Ms. Chong have been repaid.

Our Directors are of the view that such payments made on behalf of our Group were not on arms' length basis nor on normal commercial terms but were not prejudicial to the interests of our Group and our minority shareholders, as they were interest-free, unsecured and had no fixed terms of repayment.

Our Group does not intend to enter into such transactions following our Listing.

### (III) Advances extended by Dr. Ooi and Ms. Chong to our Group

During the Relevant Period, Dr. Ooi and Ms. Chong extended advances to our Group and the amount of advances are set out below:

	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)	Amount outstanding as at the Latest Practicable Date (RM'000)	Largest amount outstanding during the Relevant Period (RM'000) <sup>(1)</sup>
Dr. Ooi	2	14	–	–	–	–	14
Ms. Chong	2	16	–	–	–	–	16

**Note:**

- (1) Based on outstanding amounts as at the end of each of the respective financial years/period, and as at the Latest Practicable Date for the Relevant Period.

The advances were extended by Dr. Ooi and Ms. Chong to our Group for working capital purposes. As at the Latest Practicable Date, all outstanding amounts owed by our Group have been fully repaid.

Our Directors are of the view that such advances were not on arms' length basis nor on normal commercial terms, but was not prejudicial to the interests of our Group and our minority shareholders as it was interest-free, unsecured and had no fixed terms of repayment.

Our Group does not intend to enter into such transactions following our Listing.

## INTERESTED PERSON TRANSACTIONS

### (IV) Provision of legal services from Wong & Loh to our Group

During the Relevant Period, our Group has, from time to time, engaged Wong & Loh (of which Ms. Wong Wan Chin is a partner of) to provide legal services (which comprised mainly the issuance of demand letters and applications for intellectual property) to our Group. Pursuant to and in consideration of such services, our Group paid fees to Wong & Loh. Our Independent Director, Ms. Wong Wan Chin was not the engagement partner involved in the provision of legal services by Wong & Loh to our Group, and she was also not a director of the Company at the time of providing such services.

The aggregate amounts paid by our Group to Wong & Loh during the Relevant Period is as follows:

	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)
MY CO2	26	1	n.m. <sup>(1)</sup>	–	–
MY CO2 (PG)	1	n.m. <sup>(1)</sup>	n.m. <sup>(1)</sup>	–	–
MY CO2 (KL)	n.m. <sup>(1)</sup>	n.m. <sup>(1)</sup>	n.m. <sup>(1)</sup>	–	–
MY CO2 (Certification MY)	–	9	–	–	–
Total	27	12	n.m. <sup>(1)</sup>	–	–

**Note:**

(1) “n.m.” denotes not meaningful as the amount is less than RM1,000.

Our Directors are of the view that such provision of legal services is on arms' length basis and on normal commercial terms and is not prejudicial to the interests of our Group and our minority shareholders as the fees paid by our Group to Wong & Loh were in line with the standard market range of fees that Wong & Loh charges its other clients for such matters.

As at the Latest Practicable Date, all fees for the provision of such legal services owed by our Group have been fully settled. Our Group may continue to engage Wong & Loh to provide legal services post-Listing and should it do so, such transactions will be conducted in accordance with the guidelines and review procedures for interested person transactions as set out in the section entitled “Interested Person Transactions – Guidelines and Review Procedures for Ongoing and Future Interested Person Transactions” of this Offer Document and Chapter 9 of the Catalist Rules.

### (V) Purchase of COVID-19 self-test kits by Wong & Loh from our Group

Our Group had purchased COVID-19 self-test kits for our internal use for our staff, and had excess stock. We had made a one-time sale of some of our excess stock to Wong & Loh during the Relevant Period, as Wong & Loh had difficulties procuring COVID-19 self-test kits. The aggregate amounts paid to our Group by Wong & Loh for the purchase of COVID-19 self-test kits during the Relevant Period is as follows:

	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)
Empiric Science	–	–	4	–	–
Total	–	–	4	–	–

## INTERESTED PERSON TRANSACTIONS

Our Directors are of the view that the purchase and sale of the COVID-19 self-test kits between Wong & Loh and our Group was not on an arm's length basis nor on normal commercial terms as the sale of said test kits to Wong & Loh was at cost, and such purchase of COVID-19 self-test kits by Wong & Loh at cost was not prejudicial to the interests of our Group and its minority shareholders as the amount involved was not material.

As at the Latest Practicable Date, all fees for the purchase of COVID-19 self-test kits owed by Wong & Loh to our Group have been fully settled.

The Group does not intend to enter into such transactions with Wong & Loh post-Listing.

### (VI) Entry by Dr. Ooi into trust deeds in relation to certain motor vehicles of our Group

Dr. Ooi had, on 15 August 2014 and 31 October 2016, executed trust deeds, pursuant to which he agreed to *inter alia*, hold two motor vehicles on trust for MY CO2 (the "Trust Arrangements").

Dr. Ooi had purchased the abovementioned motor vehicles in his name, and intended for those vehicles to be used by him and Ms. Chong substantially for purposes of our Group's business. It was thus, considered appropriate that our Group bore the costs of purchasing the motor vehicles. The Trust Arrangements were subsequently entered into so that the motor vehicles can be duly reflected as assets on the Group's accounts, notwithstanding that the vehicles were registered in the name of Dr. Ooi.

The Trust Arrangements were entered into without any consideration paid by any entity within our Group. Accordingly, our Directors are of the view that the Trust Arrangements were not conducted on an arm's length basis and not on normal commercial terms, but the Trust Arrangements were not prejudicial to the interests of our Group and our minority shareholders as the carrying value of the vehicles involved were not material during the Relevant Period. The Trust Arrangements have been revoked, following which our Group holds the motor vehicles directly through MY CO2.

Our Group does not intend to enter into such transactions following our Listing.

## PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

### (I) Provision of guarantees by Dr. Ooi and Ms. Chong for facilities

During the Relevant Period, Dr. Ooi and Ms. Chong provided the following joint and severable guarantees for the facilities granted by various financial institutions to our Group, of which the Maybank Islamic Berhad facility is no longer subsisting and the Alliance Islamic Bank Berhad facility is currently subsisting as at the date of this Offer Document, the details of which are set out below:

Lender	Type of Facility	Principal amount (RM'000)	Guaranteed amount (RM'000)	Interest Rates (per annum)	Maturity Profile	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances (RM'000)	Amount outstanding for facilities as at the Latest Practicable Date (RM'000)
Maybank Islamic Berhad	Banking Facility	1,147	1,147	Base financing rate minus 2.35%	1 June 2015 to 1 June 2035	1,147	803
Alliance Islamic Bank Berhad	Term loan Facility	1,700	1,700	Base financing rate minus 2.30%	1 March 2014 to 1 March 2034	1,700	1,149

## INTERESTED PERSON TRANSACTIONS

As mentioned in the section entitled “Risk Factors – Risks Relating to our Industry and Business – We may face risks associated with our debt financing”, we had settled the outstanding amount under the facility with Maybank Islamic Berhad and in this regard, our Group is in the process of discharging the abovementioned personal guarantees. Please refer to the sections entitled “Capitalisation and Indebtedness” and “General Information on our Group – Properties and Fixed Assets” in this Offer Document for more information.

During the Relevant Period, Ms. Chong provided a guarantee for the following hire purchase facility (in relation to motor vehicle PNM 3972) granted by Affin Bank Berhad to our Group, which is currently subsisting and the details of which are set out below:

Lender	Type of Facility	Principal amount (RM'000)	Guaranteed amount (RM'000)	Interest Rates (per annum)	Maturity Profile	Largest amount of outstanding facilities guaranteed during the Relevant Period based on month end balances (RM'000)	Amount outstanding for facilities as at the Latest Practicable Date (RM'000)
Affin Bank Berhad	Hire Purchase Facility	73	73	2.45	11 June 2018 to 11 June 2023	73	18

Please refer to the section entitled “Capitalisation and Indebtedness” of this Offer Document for the details of the above facilities, including their interest rates and maturity profile.

The personal guarantees granted by Dr. Ooi and Ms. Chong for the loans and facilities granted to our Group were provided without any consideration paid by our Group. Accordingly, our Directors are of the view that the provision of the abovementioned personal guarantees were not conducted on an arm’s length basis and not on normal commercial terms but were not prejudicial to the interests of our Group and our minority Shareholders.

Our Group does not intend to enter into similar transactions post-Listing and we intend to request for the discharge of the abovementioned personal guarantees by Dr. Ooi and Ms. Chong following our Listing and replace them with guarantees provided by our Company (where applicable). Our Directors do not expect any material change in the terms and conditions of the relevant facilities arising from the release and discharge of the abovementioned personal guarantees.

Should the financial institutions be unwilling to release and discharge the abovementioned personal guarantees, Dr. Ooi and Ms. Chong will continue to provide the relevant personal guarantees.

**(II) Lease of the premises of MY CO2 (JB) by Dr. Ooi and Ms. Chong**

MY CO2 (JB) entered into a tenancy agreement with Dr. Ooi and Ms. Chong for the purposes of renting its premises located at 11, Jalan Molek 1/8, Taman Molek 81100 Johor Bahru, Johor, Malaysia. The lease is a periodic tenancy which commenced from 1 September 2019 and shall be renewed on a monthly basis until termination. Pursuant to a supplemental agreement to the tenancy agreement entered into between the parties, the period of tenancy shall be 3 years commencing on 28 July 2022 and shall be renewable for a 3-year term at each time, subject to the Catalyst Rules. The rate of rental for the premises of MY CO2 (JB) is RM6,500 (or S\$2,020<sup>(1)</sup>) per month. Our Group intended to renovate the premise since the signing of the lease agreement in September 2019 but its plans were hampered by the COVID-19 pandemic. Our Group has since secured quotations for the renovation and will commence renovation in the second half of 2022 and the premise will be used for office and laboratory purposes upon completion of the renovation.

## INTERESTED PERSON TRANSACTIONS

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms and is not prejudicial to the interests of our Group and our minority Shareholders as the rental charged by Dr. Ooi and Ms. Chong to MY CO2 (JB) was computed based on the market rental rates for similar properties in the vicinity.

During the Period under Review, the aggregate amount of rent paid by MY CO2 (JB) is set out below:

FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)
26	78	78	20	39

The tenancy will continue to be in force following the admission of our Company on Catalist and our Group may enter into similar transactions following our Listing, and such transactions will be conducted in accordance with the guidelines and review procedures for interested person transactions as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Ongoing and Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

**Note:**

(1) Based on the exchange rate of S\$1:RM3.2177 as at the Latest Practicable Date

**(III) Lease of the premises of MY CO2 (KL) by Dr. Ooi and Ms. Chong**

MY CO2 (KL) entered into a tenancy agreement with Dr. Ooi and Ms. Chong for the purposes of renting its premises located at 46, 48 and 50, Jalan Sepadu B25/B, 40400 Shah Alam, Selangor, Malaysia. The lease is a periodic tenancy which commenced from 1 September 2019 and shall be renewed on a monthly basis until termination. Pursuant to a supplemental agreement to the tenancy agreement entered into between the parties, the period of tenancy shall be 3 years commencing on 28 July 2022 and shall be renewable for a 3-year term at each time, subject to the Catalist Rules. The rate of rental for the premises of MY CO2 (KL) is RM18,000 (or S\$5,594<sup>(1)</sup>) per month. Our Group intended to renovate the premise since the signing of the lease agreement in September 2019 but its plans were hampered by the COVID-19 pandemic. Our Group has since secured quotations for the renovation and intends to commence renovation in 2023, subject to the receipt of approvals from Shah Alam City Council and the premise will be used for office and laboratory purposes upon completion of the renovation.

Our Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms and is not prejudicial to the interests of our Group and our minority Shareholders as the rental charged by Dr. Ooi and Ms. Chong to MY CO2 (KL) was computed based on the market rental rates for similar properties in the vicinity.

During the Period under Review, the aggregate amount of rent paid by MY CO2 (KL) is set out below:

FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)
72	216	216	54	108

The tenancy will continue to be in force following the admission of our Company on Catalist and our Group may enter into similar transactions following our Listing, and such transactions will be conducted in accordance with the guidelines and review procedures for interested person transactions as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Ongoing and Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalist Rules.

**Note:**

(1) Based on the exchange rate of S\$1:RM3.2177 as at the Latest Practicable Date

## INTERESTED PERSON TRANSACTIONS

### (IV) Subscription agreement between Wong & Loh and Empiric Science

During the Relevant Period, Wong & Loh had entered into a subscription agreement with Empiric Science for the use of our Group's aizenz application system in June 2021 for a term of one (1) year for RM9,000, renewable for RM6,000 per year thereafter. Wong & Loh has used our Group's aizenz platform to improve its documentation filing and archival process via electronic filing so as to enhance its document control and management system, and to facilitate its application for ISO certification for its management systems for legal operations.

The aggregate amounts charged to Wong & Loh by our Group during the Relevant Period is as follows:

FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)	3M2022 (RM'000)	1 April 2022 to the Latest Practicable Date (RM'000)	Amount outstanding as at the Latest Practicable Date (RM'000)	Largest amount outstanding during the Relevant Period (RM'000) <sup>(1)</sup>
-	-	9	-	6	6	9

**Note:**

(1) Based on outstanding amounts as at the end of each of the respective financial years/period and as at the Latest Practicable Date for the Relevant Period.

The subscription agreement between Empiric Science and Wong & Loh was conducted on an arm's length basis and on normal commercial terms, and was not prejudicial to our Group and our minority shareholders, taking into account the range of fees and quotes charged by our Group to unrelated third parties for similar services.

The subscription agreement will continue in force post-Listing and our Group may enter into similar transactions following our Listing. Any renewal of the subscription agreement or other similar transactions will be conducted in accordance with the guidelines and review procedures for interested person transactions as set out in the section entitled "Interested Person Transactions – Guidelines and Review Procedures for Ongoing and Future Interested Person Transactions" of this Offer Document and Chapter 9 of the Catalyst Rules.

### (V) Provision of indemnities by Dr. Ooi and Ms. Chong in favour of our Group in connection with non-compliances with certain statutory or regulatory provisions

Dr. Ooi and Ms. Chong had, on 30 August 2022, executed the Deed of Indemnity, to indemnify fully and effectively on demand and hold harmless the Indemnified Persons from any Claims on a full indemnity basis, whether by the relevant authorities in Malaysia or any other party, brought, established, instituted, made, alleged, incurred or suffered by the Indemnified Persons, whether directly or indirectly, based on, resulting from or relating to certain statutory or regulatory provisions (arising from corporate secretarial and other administrative matters). Please refer to the section entitled "Risk Factors – Risks Relating to our Industry and Business – We may be subject to fines and/or other penalties for non-compliance with certain statutory or regulatory provisions" of this Offer Document for further details on this.

The indemnities provided by Dr. Ooi and Ms. Chong in favour of our Group were without any consideration paid by any entity within our Group. Accordingly, our Directors are of the view that the provision of the abovementioned indemnities were not conducted on an arm's length basis and not on normal commercial terms, but were not prejudicial to the interests of our Group and our minority Shareholders, as it would benefit our Group in the event that our Group is subject to any claims arising from the breaches and non-compliances. The Deed of Indemnity will continue to be in force following the admission of our Company on Catalyst.

Our Group does not intend to enter into other such transactions following our Listing.

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## INTERESTED PERSON TRANSACTIONS

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### **GUIDELINES AND REVIEW PROCEDURES FOR ONGOING AND FUTURE INTERESTED PERSON TRANSACTIONS**

To ensure that future transactions with interested persons are undertaken on an arm's length basis, on normal commercial terms, not prejudicial to the interests of our Group and our minority Shareholders, and are consistent with our Group's usual business practices and policies, which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by our Group.

In relation to any purchase of products or engaging any services from Interested Persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two (2) comparative prices from the two (2) unrelated third parties. Our Audit Committee will take into account, including but not limited to, the suitability, quality, cost of the products or services, specifications, delivery time and the track record of the suppliers.

In relation to any sale of products or provision of any services to Interested Persons, the price and terms of at least two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates lower than that charged to the unrelated third parties.

When renting properties from or to Interested Persons, our Audit Committee shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents, (including independent valuation report by property valuer, where considered appropriate). The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant enquiries.

In relation to entering into any agreement or arrangement with an Interested Person that is not in our Group's ordinary course of business, prior approval must be obtained from our Audit Committee. Any decision to proceed with such an arrangement or agreement will be recorded for review by our Audit Committee.

For the purposes above, where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from the Interested Persons, our Audit Committee will determine whether the price and/or the other terms offered by the Interested Persons are fair and reasonable, before approving such interested person transaction. In so determining, our Audit Committee will consider whether, including but not limited to, the price and/or other terms are in accordance with usual business practices and pricing policies to be obtained for the same or substantially similar types of transactions to determine whether the relevant transaction is undertaken at an arm's length basis and on normal commercial terms.

We shall monitor all interested person transactions entered into by us categorising the transactions as follows:

- (a) a "Category one" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof, as the case may be, is equal to or more than 3.0% of the latest audited NTA of our Group; and
- (b) a "Category two" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof, as the case may be, is below 3.0% of the latest audited NTA of our Group.

In line with Chapter 9 of the Catalist Rules, a transaction of value less than S\$100,000 is not taken into account for the purposes of the above aggregation.

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## **INTERESTED PERSON TRANSACTIONS**

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All “Category one” interested person transactions must be approved by our Audit Committee prior to entry. All “Category two” interested person transactions need not be approved by our Audit Committee prior to entry but must be approved by our Executive Director and CEO, Dr. Ooi, or Financial Controller, Kuan Pin Seah, whom shall not be an interested person in respect of the particular transaction prior to entry, and shall be reviewed on a half yearly basis by our Audit Committee.

In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from reviewing and approving that particular transaction. We shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. All interested person transactions shall be subject to review by our Audit Committee on a half yearly basis. Our Audit Committee will ascertain whether the interested person transactions are on normal commercial terms and not prejudicial to interest of minority Shareholders, in compliance with the guidelines and procedures established to monitor interested person transactions. If our Audit Committee is of the opinion that the guidelines and procedures are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm’s length basis and not prejudicial to our Group’s interests and the interests of our minority Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate. Our Audit Committee may request for an independent financial adviser’s opinion at our Group’s expense as it deems fit.

We will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future interested person transactions, and if required under the Catalist Rules or the Companies Act, we will make immediate announcements and/or seek independent Shareholders’ approval for such transactions. In particular, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. In addition, such interested persons shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by the Shareholders.

Our Audit Committee and our Board will also ensure that all disclosures, approvals and other requirements on interested person transactions, including those required by prevailing laws, rules and regulations, the Catalist Rules and accounting standards are complied with. Pursuant to the Catalist Rules, we will make the required disclosure in relation to our interested person transactions in our annual report during the relevant financial year under review.

### **POTENTIAL CONFLICTS OF INTERESTS**

In general, a conflict of interest situation arises when any of our Directors, Controlling Shareholders or their respective Associates carries on or has any interest in any other corporation carrying on the same business or dealing in similar products or services as our Group.

Save as disclosed in the section entitled “Interested Person Transactions” of this Offer Document, none of our Directors, Controlling Shareholders and/or any of their respective Associates has any interest, whether direct or indirect, in:

- (a) any transactions to which our Company or any of our subsidiaries was or is a party;
- (b) any company or entity carrying on the same business or dealing in similar products or services as our Group;
- (c) any company or entity that is our customer or supplier of goods and services; and
- (d) any existing contract or arrangement which was or is significant in relation to the business of our Group.



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## INTERESTED PERSON TRANSACTIONS

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### Interests of Experts

None of the experts named in this Offer Document:

- (a) is employed on a contingent basis by our Company or our subsidiaries;
- (b) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries;  
or
- (c) has a material economic interest, whether direct or indirect, in our Company, including having an interest in the success of the Placement.

### Interests of the Sponsor and Issue Manager, and the Placement Agent

In the reasonable opinion of our Directors, the Sponsor and Issue Manager, and the Placement Agent do not have material relationships with our Company save for the following:

- (a) ZICO Capital is the Sponsor and Issue Manager for the Placement;
- (b) ZICO Capital will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist;
- (c) Pursuant to the Management and Sponsorship Agreement, as part satisfaction of ZICO Capital's fees as the Sponsor and Issue Manager, our Company will issue the ZC Shares representing approximately 1.0% of the issued and paid-up share capital of our Company immediately after the Placement; and
- (d) CGS-CIMB is the Placement Agent for the Placement.

Please refer to the section entitled "Plan of Distribution - Sponsorship, Management and Placement Arrangements" of this Offer Document for further details on the Management and Sponsorship Agreement, and the Placement Agreement.

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## CLEARANCE AND SETTLEMENT

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Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A disposition fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP.

The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement through CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

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## GENERAL AND STATUTORY INFORMATION

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### INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. As at the date of this Offer Document, save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
  - (a) has at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two (2) years after the date he or she ceased to be a partner;
  - (b) has at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two (2) years after the date he or she 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;
  - (c) has any unsatisfied judgment against him or her;
  - (d) 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 or she is aware) for such purpose;
  - (e) has 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 pending criminal proceedings of which he or she is aware) for such breach;
  - (f) at any time during the last 10 years, had judgment 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 or her part, or been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his or her part;
  - (g) has been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
  - (h) has 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;
  - (i) has been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;
  - (j) has ever, to his or her 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;
    - (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;

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## GENERAL AND STATUTORY INFORMATION

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- (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 the period when he or she was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

### *Disclosure in relation to Dr. Ooi and Ms. Chong*

MY CO2 (PG) was involved in a labour dispute with one of its former employees regarding her dismissal from MY CO2 (PG) for insubordination due to her refusal to be transferred from MY CO2 (PG)'s Penang office to the Johor Bahru office. The hearing with the Department of Labour Peninsular Malaysia (“DOL”) was set on 9 April 2019 and MY CO2 (PG) submitted its submissions and evidence on 24 April 2019. The DOL passed its decision on 11 June 2019 and ordered MY CO2 (PG) to pay to the former employee a sum of RM3,874.84 as payment in lieu of notice, the sum of which was duly settled on 12 June 2019.

### *Disclosure in relation to Datuk Fadilah*

Our Independent Non-Executive Chairman, Datuk Fadilah, was investigated by the appeal panel of DSM sometime between 2017 and 2018 when she was the Director General in DSM. The investigation arose from allegations in a poison pen letter that Datuk Fadilah had interfered with accreditation processes and had deliberately approved the accreditation of certain companies within a shorter timeframe than the rest. It was concluded from the investigation that the allegations against Datuk Fadilah were false and no further action was taken against her. Datuk Fadilah remained in her position as the Director General of DSM subsequent to the conclusion of such investigations.

### *Disclosure in relation to Ms. Ooi Wan Koon*

In 2020, our Chief People Officer, Ms. Ooi Wan Koon, was investigated by the DOSH, in relation to the noise risk assessor licence held in her individual capacity, for failing to be present to carry out a scheduled noise risk assessment for one of our Group's clients and for signing off on an assessment report for the said client, despite not having performed the assessment herself. Ms. Ooi Wan Koon represented that she was feeling unwell on the scheduled date of assessment and rested at home (in line with the “Safe Work Procedures on Prevention of COVID-19 at Workplace” guidelines as published by the DOSH). She further arranged for her colleague to perform the said assessment and she re-verified the data and results thereafter. Notwithstanding this, the DOSH officer submitted a complaint that Ms. Ooi Wan Koon had failed to be present to carry out the assessment and yet signed off on the assessment report despite not having performed the assessment herself. The DOSH eventually suspended Ms. Ooi Wan Koon's noise risk assessor licence for two (2) years with effect from 21 October 2020.

Please refer to the section entitled “General Information on our Group - Material Licences, Permits, Registrations and Approvals” of this Offer Document for details of the licences held by our Group and certain individuals in our Group.

## GENERAL AND STATUTORY INFORMATION

### CHANGES IN SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one (1) class of shares, being ordinary shares, in the capital of our Company. There are no founder, management, deferred shares or unissued shares reserved for issuance for any purpose. The rights and privileges attached to our Shares are stated in our Constitution.
3. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document and below, there are no changes in the issued and paid-up capital of our Company and our subsidiaries within the three (3) years preceding the Latest Practicable Date:

Date of issue	Number of shares issued/ change in the number of shares	Consideration	Issue price per share	Purpose of issue/change	Resultant share capital
<b><i>Our Company</i></b>					
22 July 2022	750	S\$750	S\$1.00	Allotment on incorporation	S\$750
<b><i>Subsidiaries</i></b>					
<b><i>MY CO2 GSB</i></b>					
30 August 2022	2,322	RM2,322	RM1.00	Allotment on incorporation	RM2,322
<b><i>MY CO2 (Certification MY)</i></b>					
14 July 2020	27,600	RM27,600.00	RM1.00	Allotment	RM47,600
14 July 2020	52,400	Non-cash consideration <sup>(1)</sup>	NA	Allotment	RM100,000

**Note:**

- (1) The shares were allotted to Dr. Ooi and Ms. Chong as partial settlement of sums owed by MY CO2 (Certification MY) to them.

4. Save as disclosed above and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the three (3) years preceding the date of this Offer Document.
5. No option to subscribe for Shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the last two (2) years preceding the date of this Offer Document.
6. Save for the LMS Performance Share Plan and the LMS Employee Share Option Scheme, as at the Latest Practicable Date, no person has been or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

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## GENERAL AND STATUTORY INFORMATION

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### MATERIAL CONTRACTS

7. The following contract, not being a contract entered into in the ordinary course of business, has been entered into by our Company and our subsidiaries within the two (2) years preceding the date of lodgment of this Offer Document and is or may be material:

- (a) the Service Agreements, details of which are set out in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document;

Subsequent to the date of lodgment of this Offer Document, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries and are or may be material:

- (a) the share purchase agreement dated 30 September 2022 entered into between our Company, MY CO2 GSB, Dr. Ooi and Ms. Chong, for the acquisition by MY CO2 GSB of 1.0% of ordinary shares in each of the Malaysia Subsidiaries from Dr. Ooi and Ms. Chong; and
- (b) the share purchase agreement dated 15 November 2022 entered into between our Company, Dr. Ooi and Ms. Chong, for the acquisition by our Company of 1.0% of the entire issued and paid-up share capital of LMS Compliance International from Dr. Ooi and Ms. Chong.

### MATERIAL LITIGATION

8. As at the Latest Practicable Date, our Group was not engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of lodgment of this Offer Document, a material effect on our Group’s financial position or profitability.

### CONSTITUTION

- 9. The nature of our Company’s business has been stated in the section entitled “General Information on our Group – Business Overview” of this Offer Document.
- 10. An extract of our Constitution relating to, among others, Directors’ powers to vote on contracts in which they are interested, Directors’ powers to vote on their remuneration, Directors’ borrowing powers, Directors’ retirement, Directors’ share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in “Appendix C – Summary of our Constitution” of this Offer Document. The Constitution of our Company is available for inspection at our registered office in the section entitled “General and Statutory Information – Documents Available for Inspection” of this Offer Document.

### MISCELLANEOUS

- 11. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two (2) years preceding the date of this Offer Document.
- 12. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.
- 13. Save as disclosed in the section entitled ‘Interested Person Transactions – Present and Ongoing Transactions’, no Director or expert has an interest, directly or indirectly, in the promotion of, or in any property or assets which have, within the two (2) years preceding the Latest Practicable Date, been acquired or disposed of by or leased to our Company or our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or our subsidiaries.

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## GENERAL AND STATUTORY INFORMATION

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14. Save as disclosed in the section entitled “Plan of Distribution - Sponsorship, Management and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe for or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
15. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Banker. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
16. Save as disclosed in the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “Management’s Discussion and Analysis of Results of Operations and Financial Condition” and “General Information on our Group” of this Offer Document, our Directors are not aware of any event which has occurred between 1 April 2022 and the Latest Practicable Date which may have a material effect on the results of operations and financial position of our Group or the financial information provided in this Offer Document.
17. Save as disclosed in the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “Management’s Discussion and Analysis of Results of Operations and Financial Condition”, and “General Information on our Group” of this Offer Document, the results of operations and financial condition of our Group are not likely to be affected by any of the following:
- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
  - (b) material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
  - (d) known uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
18. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the Period Under Review are as follows:

<b>Name and address</b>	<b>Professional body</b>	<b>Partner-in-charge / Professional qualification</b>
BDO LLP, Singapore 600 North Bridge Road #23-01 Parkview Square Singapore 188778	Public Accountants and Chartered Accountants of Singapore	Yeo Siok Yong (a member of the Institute of Singapore Chartered Accountants)

We currently have no intention of changing the auditors of the companies in our Group after our Listing.

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## GENERAL AND STATUTORY INFORMATION

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### CONSENTS

19. BDO LLP, Singapore, the Independent Auditor and Reporting Accountant, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditor’s Report and the Audited Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the Financial Years ended 31 December 2019, 2020 and 2021” and “the Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the financial period from 1 January 2022 to 31 March 2022” as reproduced in Appendix A and Appendix B, respectively of this Offer Document in the form and context in which they are included and references to its name in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
20. ZICO Capital Pte. Ltd., the Sponsor and Issue Manager, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
21. CGS-CIMB Securities (Singapore) Pte. Ltd., the Placement Agent, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
22. Dentons Rodyk & Davidson LLP, the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law have given, and have not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
23. Chooi & Company + Cheang & Ariff, the Legal Advisers to our Company on Malaysian Law have given, and have not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto, and its statements and/or opinions as set out in the sections entitled “Risk Factors – Risks Relating to our Overseas Operations and Operations in Malaysia – We may be subject to tax audit and investigations in Malaysia”, “General Information on our Group – Material Licences, Permits, Registrations and Approvals”, and “General Information on our Group – “Credit Policy” of this Offer Document, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
24. Baker Tilly Monteiro Heng Governance Sdn. Bhd., the internal auditor for our Group for the purposes of the Placement has given, and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto, and its opinion set out in the section entitled “Risk Factors – Risks Relating to our Industry and Business - We may be subject to fines and/or other penalties for non-compliance with certain statutory or regulatory provisions” of this Offer Document, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
25. Chancery Law Corporation, the Solicitors to the Placement Agent has given, and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto, in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.

Each of the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law, the Sponsor and Issue Manager, the Placement Agent, the Share Registrar, the Principal Bankers and the Receiving Banker do not make or purport to make any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and each of them makes no representation regarding any statement in this Offer Document and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.



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## GENERAL AND STATUTORY INFORMATION

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### DOCUMENTS AVAILABLE FOR INSPECTION

26. Copies of the following documents may be inspected at our registered address during normal business hours for a period of six (6) months from the date of registration by the SGX-ST acting as agent on behalf of the Authority, of this Offer Document:
- (i) the Constitution;
  - (ii) the material contracts referred to in the section entitled “General and Statutory Information – Material Contracts” of this Offer Document;
  - (iii) the letters of consent referred to in the section entitled “General and Statutory Information – Consents” of this Offer Document;
  - (iv) the Service Agreements referred to in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document;
  - (v) the Independent Auditor’s Report and the Audited Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the Financial Years ended 31 December 2019, 2020 and 2021 as set out in Appendix A of this Offer Document;
  - (vi) the Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements of LMS Compliance Ltd. and its subsidiaries for the financial period from 1 January 2022 to 31 March 2022 as set out in Appendix B of this Offer Document; and
  - (vii) the audited financial statements of our subsidiaries (being entities which have audited financial statements) for FY2019, FY2020 and FY2021.

### RESPONSIBILITY STATEMENT BY OUR DIRECTORS

27. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

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**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
AND 2021**

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**LMS COMPLIANCE LTD.  
and its subsidiaries**

Independent Auditor’s Report And Audited Combined Financial Statements  
For the financial years ended 31 December 2019, 2020 and 2021

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**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
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**AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021**

**STATEMENT BY DIRECTORS**

We, Ooi Shu Geok and Chong Moi Me, being two of the directors of LMS Compliance Ltd. (the “Company”), do hereby state that, in the opinion of the Board of Directors,

- the accompanying combined financial statements together with notes thereon as set out on pages A-6 to A-66 are drawn up in accordance with the Singapore Financial Reporting Standards (International) so as to give a true and fair view of the combined financial position of the Company and its subsidiaries (the “Combined Group”) as at 31 December 2019, 2020 and 2021, and of the combined financial performance, combined changes in equity and combined cash flows of the Combined Group for the financial years ended on those dates; and
- 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.

On behalf of the Board of Directors

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**Ooi Shu Geok**  
Director

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**Chong Moi Me**  
Director

22 November 2022

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**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
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**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021**

22 November 2022

The Board of Directors  
LMS Compliance Ltd.  
138 Robinson Road  
#26-03  
Singapore 068906

**Report on the Audit of the Combined Financial Statements**

*Opinion*

We have audited the combined financial statements of LMS Compliance Ltd. (the “Company”) and its subsidiaries (collectively “Group”), which comprise the combined statements of financial position as at 31 December 2019, 2020 and 2021, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages A-6 to A-66.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the financial position of the Group as at 31 December 2019, 2020 and 2021, and of the combined financial performance, combined changes in equity and combined cash flows of the Group for the financial year ended on those 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 Company 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.

*Responsibilities of Management and Directors for the Combined Financial Statements*

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with 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 combined financial statements and to maintain accountability of assets.

In preparing the combined 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 director’s responsibilities include overseeing the Group’s financial reporting process.

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**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
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**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 (CONTINUED)**

**Report on the Audit of the Combined Financial Statements (Continued)**

*Auditor’s Responsibilities for the Audit of the Combined Financial Statements*

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined financial statements, including the disclosures, and whether the combined 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 combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

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**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
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**INDEPENDENT AUDITOR’S REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 (CONTINUED)**

**Report on the Audit of the Combined Financial Statements (Continued)**

*Restriction on Distribution and Use*

This report is made solely to you as a body for the inclusion in the Offer Document to be issued in relation to the proposed initial public offering of the shares of the Company in connection with the Company’s listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

**BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore

Yeo Siok Yong  
Partner-in-charge

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
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**COMBINED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019, 2020 AND 2021**

	Note	2019 RM	2020 RM	2021 RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	6,679,425	7,301,305	7,327,753
Right-of-use assets	6	2,278,157	2,207,191	1,938,086
Investment in associates	7	–	–	–
Goodwill	8	–	–	–
		8,957,582	9,508,496	9,265,839
<b>Current assets</b>				
Trade and other receivables	9	2,702,975	2,709,857	2,656,012
Prepayments		146,612	68,414	743,499
Financial assets at fair value through profit or loss ('FVTPL')	10	4,782,750	10,050,382	7,211,890
Cash and bank balances	11	602,148	734,113	1,106,126
		8,234,485	13,562,766	11,717,527
<b>Total assets</b>		17,192,067	23,071,262	20,983,366
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	12	2,245,000	2,325,000	2,325,000
Reserves	13	8,000	12,134	11,741
Retained earnings		8,831,530	13,521,500	11,969,717
<b>Total equity</b>		11,084,530	15,858,634	14,306,458
<b>Non-current liabilities:</b>				
Other payables	14	302,979	265,107	227,234
Lease liabilities	15	2,075,425	2,108,962	1,863,719
Deferred tax liabilities	16	217,100	301,500	319,800
		2,595,504	2,675,569	2,410,753
<b>Current liabilities:</b>				
Trade and other payables	14	775,987	1,529,674	1,609,915
Bank borrowings	17	2,307,235	2,206,260	2,069,161
Lease liabilities	15	271,571	282,456	245,244
Contract liabilities	18(a)	77,948	277,121	246,268
Income tax payables		79,292	241,548	95,567
		3,512,033	4,537,059	4,266,155
<b>Total liabilities</b>		6,107,537	7,212,628	6,676,908
<b>Total equity and liabilities</b>		17,192,067	23,071,262	20,983,366

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
AND 2021**

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021**

	Note	2019 RM	2020 RM	2021 RM
Revenue	18	14,525,830	15,839,133	16,987,710
<b><i>Other item of income</i></b>				
Other income	19	162,210	671,356	507,740
<b><i>Items of expense</i></b>				
Materials, consumables and subcontractor costs		(1,053,339)	(1,485,465)	(1,514,898)
Depreciation expenses	20	(694,282)	(885,185)	(919,927)
Loss allowance on receivables, net	9	46,186	19,138	(55,115)
Employee benefits expense	21	(6,111,719)	(6,070,162)	(6,193,161)
Other expenses		(1,582,519)	(1,629,958)	(1,971,505)
Finance costs	22	(172,881)	(264,769)	(230,613)
<b>Profit before income tax</b>	23	5,119,486	6,194,088	6,610,231
Income tax expense	24	(1,173,108)	(1,504,118)	(1,662,014)
<b>Profit for the financial year</b>		3,946,378	4,689,970	4,948,217
<b>Other comprehensive income:</b>				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operation		–	57	(393)
<b>Other comprehensive income for the financial year, net of tax</b>		–	57	(393)
<b>Total comprehensive income attributable to owners</b>		3,946,378	4,690,027	4,947,824
Earnings per share				
- Basic and diluted (sen)	25	5.44	6.46	6.82



**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
AND 2021**

**COMBINED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021**

	Note	Share capital RM	Retained earnings RM	Foreign currency translation reserve RM	Merger reserve RM	Total equity RM
Balance as at 1 January 2019		2,245,000	7,896,652	–	8,000	10,149,652
Profit for the financial year		–	3,946,378	–	–	3,946,378
Total comprehensive income for the financial year		–	3,946,378	–	–	3,946,378
Distributions to owners						
Dividends	26	–	(3,011,500)	–	–	(3,011,500)
Total transactions with owners		–	(3,011,500)	–	–	(3,011,500)
Balance at 31 December 2019		2,245,000	8,831,530	–	8,000	11,084,530
Balance as at 1 January 2020		2,245,000	8,831,530	–	8,000	11,084,530
Profit for the financial year		–	4,689,970	–	–	4,689,970
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operation, representing other comprehensive income for the financial year		–	–	57	–	57
Total comprehensive income for the financial year		–	4,689,970	57	–	4,690,027
Contributions by owners						
Issuance of ordinary shares	12	80,000	–	–	–	80,000
Contribution received by owners of the Combined Group upon acquisition of subsidiaries	8	–	–	–	4,077	4,077
Total transactions with owners		80,000	–	–	4,077	84,077
Balance as at 31 December 2020		2,325,000	13,521,500	57	12,077	15,858,634

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
AND 2021**

**COMBINED STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 (Continued)**

	Note	Share capital RM	Retained earnings RM	Foreign currency translation reserve RM	Merger reserve RM	Total equity RM
Balance as at 1 January 2021		2,325,000	13,521,500	57	12,077	15,858,634
Profit for the financial year		–	4,948,217	–	–	4,948,217
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences on translating foreign operations, representing other comprehensive income for the financial year		–	–	(393)	–	(393)
Total comprehensive income for the financial year		–	4,948,217	(393)	–	4,947,824
Distributions to owners						
Dividends	26	–	(6,500,000)	–	–	(6,500,000)
Total transactions with owners		–	(6,500,000)	–	–	(6,500,000)
Balance as at 31 December 2021		2,325,000	11,969,717	(336)	12,077	14,306,458

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED  
COMBINED FINANCIAL STATEMENTS OF LMS COMPLIANCE LTD. AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020  
AND 2021**

**COMBINED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021**

	2019 RM	2020 RM	2021 RM
<b>Cash flows from operating activities</b>			
Profit before income tax	5,119,486	6,194,088	6,610,231
Adjustments for :			
Bad debts written off	2,697	27,723	1,809
Depreciation of property, plant and equipment	477,742	535,984	650,822
Depreciation of right-of-use assets	216,540	349,201	269,105
Gain on disposal of property, plant and equipment	(9,999)	–	(5,798)
(Reversal of)/Addition of loss allowance on receivables	(46,186)	(19,138)	55,115
Loss on deemed disposal of investment in associates	–	25,356	–
Property, plant and equipment written off	7,593	385	7,427
Fair value loss/(gain) on financial assets at FVTPL	1,714	(4,435)	31,872
Interest expense	172,881	264,769	230,613
Interest income	(109,544)	(149,898)	(224,530)
Impairment loss on goodwill	–	42,112	–
Impairment loss on property, plant and equipment	–	–	25,322
Operating profit before changes in working capital	5,832,924	7,266,147	7,651,988
Changes in working capital			
Trade and other receivables	(61,812)	(13,050)	(3,471)
Prepayments	(114,349)	78,198	(675,085)
Trade and other payables	887,153	643,671	42,367
Contract liabilities	30,238	199,173	(30,853)
Cash generated from operations	6,574,154	8,174,139	6,984,946
Income tax paid, net	(781,187)	(1,257,462)	(1,789,695)
Net cash from operating activities	5,792,967	6,916,677	5,195,251
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(1,204,475)	(1,128,491)	(710,021)
Acquisition of subsidiaries, net of cash acquired	–	6,393	–
Proceeds from disposal of property, plant and equipment	10,000	–	5,800
Interest income	212	73	58
Placements of financial assets at FVTPL	(6,721,093)	(8,140,000)	(5,630,000)
Redemption of financial assets at FVTPL	3,947,583	3,026,628	8,661,092
Net cash (used in)/from investing activities	(3,967,773)	(6,235,397)	2,326,929

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**COMBINED STATEMENTS OF CASH FLOWS  
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	2019 RM	2020 RM	2021 RM
<b>Cash flows from financing activities</b>			
Dividends paid	(3,011,500)	–	(6,500,000)
Proceeds from issuance of ordinary shares	–	80,000	–
Repayment of principal portion of bank borrowings (Note A)	(135,069)	(100,975)	(137,099)
Repayment of interest portion of bank borrowings (Note A)	(106,500)	(98,067)	(77,197)
Repayment of principal portion of lease liabilities	(186,837)	(263,571)	(282,455)
Repayment of interest portion of lease liabilities	(66,381)	(166,702)	(153,416)
Net cash used in financing activities	<u>(3,506,287)</u>	<u>(549,315)</u>	<u>(7,150,167)</u>
<b>Net changes in cash and bank balances</b>	(1,681,093)	131,965	372,013
<b>Cash and bank balances at beginning of financial year</b>	2,283,241	602,148	734,113
<b>Cash and bank balances at end of financial year</b>	<u>602,148</u>	<u>734,113</u>	<u>1,106,126</u>

**Note A: Reconciliation of liabilities arising from financing activities**

	Non-cash changes			
	1 January 2019 RM	Cash flows RM	Accretion of interest RM	31 December 2019 RM
Bank borrowings	2,442,304	(241,569)	106,500	2,307,235

	Non-cash changes			
	1 January 2020 RM	Cash flows RM	Accretion of interest RM	31 December 2020 RM
Bank borrowings	2,307,235	(199,042)	98,067	2,206,260

	Non-cash changes			
	1 January 2021 RM	Cash flows RM	Accretion of interest RM	31 December 2021 RM
Bank borrowings	2,206,260	(214,296)	77,197	2,069,161

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

These combined financial statements have been prepared for inclusion in the offer document of LMS Compliance Ltd. (the “Company”) and its subsidiaries (the “Group”) and were authorised for issue by the Directors of the Company on 22 November 2022.

**1. General corporate information**

**1.1 Domicile and activities**

The Company is a private limited liability company, incorporated and domiciled in Singapore with its registered office at 138 Robinson Road, #26-03, Singapore 068906 and principal place of business at 16, Lengkok Kikik Satu, Taman Inderawasih, 13600 Perai, Pulau Pinang. On 18 November 2022, the Company was converted into a public company limited by shares and its name was changed from LMS Compliance Pte. Ltd. to LMS Compliance Ltd.. The Combined Group’s ultimate controlling party is Ooi Shu Geok and Chong Moi Me.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 1.3 to the combined financial statements.

**1.2 Restructuring exercise**

In preparation for the listing of the Company’s shares on the Catalist Board of the Singapore Exchange Securities Trading Limited, the Combined Group underwent a restructuring exercise (the “Restructuring Exercise”) as described below, which resulted in the Company becoming the holding company of the Combined Group.

1) Incorporation of LMS Compliance Pte. Ltd..

On 22 July 2022, the Company was incorporated as a private limited company limited by shares in Singapore under the Companies Act as a private company, with an issued and paid-up share capital of \$750 comprising 750 ordinary shares, of which 682 and 68 ordinary shares were held by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively. Accordingly, the issued share capital of the Company became owned as to approximately 91% and 9% by Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively.

2) Incorporation of MY CO2 Group Sdn. Bhd. (“MY CO2 GSB”)

A wholly owned subsidiary of the Company, MY CO2 GSB Sdn. Bhd. was incorporated on 30 August 2022 as a private company limited by shares in Malaysia, with an issued share capital of RM2,322 comprising 2,322 ordinary shares.

3) Consolidation of ordinary shares in the Malaysia subsidiaries

On 30 September 2022, MY CO2 Sdn. Bhd. (“MY CO2”), MY CO2 Certification Sdn. Bhd. (“MY CO2 (Certification MY)”), Empiric Science Sdn. Bhd. (“Empiric Science”), MY CO2 (PG) Sdn. Bhd. (“MY CO2 (PG)”), MY CO2 (KL) Sdn. Bhd. (“MY CO2 (KL)”) and MY CO2 (JB) Sdn. Bhd. (“MY CO2 (JB)”), (collectively known as the “Malaysia Subsidiaries”), had undergone a consolidation of every 1,000 ordinary shares into 1 ordinary share (“Share Consolidation”).

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**1. General corporate information (Continued)**

**1.2 Restructuring exercise (Continued)**

3) Consolidation of shares in the Malaysia subsidiaries (Continued)

The table below sets out the number of ordinary shares before and after Share Consolidation in each of the Malaysia Subsidiaries.

Subsidiaries	Number of existing shares (before consolidation)	Number of shares (after consolidation)
	Number of ordinary shares	
MY CO2	1,635,000	1,635
MY CO2 (Certification MY)	100,000	100
MY CO2 (PG)	200,000	200
MY CO2 (KL)	205,000	205
MY CO2 (JB)	100,000	100
Empiric Science	105,000	105

4) Issuance of new ordinary shares in Malaysia Subsidiaries to MY CO2 GSB.

On 30 September 2022, MY CO2 GSB was issued and allotted with the new ordinary shares in Malaysia Subsidiaries at RM0.01 each such that MY CO2 GSB holds 99% of the ordinary shares in each of the Malaysia Subsidiaries after the allotment and issuance at the following consideration:

- (a) 161,865 new ordinary shares in MY CO2 for a nominal consideration of RM1,618.65 (based on RM0.01 per share) was issued and allotted to MY CO2 GSB;
- (b) 9,900 new ordinary shares in MY CO2 (Certification MY) for a nominal consideration of RM99.00 (based on RM0.01 per share) was issued and allotted to MY CO2 GSB;
- (c) 19,800 new ordinary shares in MY CO2 (PG) for a nominal consideration of RM198.00 (based on RM0.01 per share) was issued and allotted to MY CO2 GSB;
- (d) 20,295 new ordinary shares in MY CO2 (KL) for a nominal consideration of RM202.95 (based on RM0.01 per share) was issued and allotted to MY CO2 GSB;
- (e) 9,900 new ordinary shares in MY CO2 (JB) for a nominal consideration of RM99.00 (based on RM0.01 per share) was issued and allotted to MY CO2 GSB; and
- (f) 10,395 new ordinary shares in Empiric Science for a nominal consideration of RM103.95 (based on RM0.01 per share) was issued and allotted to MY CO2 GSB.

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**1. General corporate information (Continued)**

**1.2 Restructuring exercise (Continued)**

5) Acquisition of ordinary shares in Malaysia Subsidiaries by MY CO2 GSB

Pursuant to a share purchase agreement dated 30 September 2022 entered into between the Company, MY CO2 GSB, Ooi Shu Geok and Chong Moi Me (collectively known as the “Vendors”), MY CO2 GSB had, on 10 November 2022, acquired such number of ordinary shares in each of the Malaysia Subsidiaries from the Vendors, for a purchase consideration that is arrived at on a willing-buyer and willing-seller basis, taking into account the net tangible assets of the respective Malaysia Subsidiaries as at 31 March 2022, as follows:

- (a) 1,635 ordinary shares in MY CO2, for a consideration of RM35,413.87 (or approximately S\$11,400) which was satisfied by the allotment and issuance of 10,374 and 1,026 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (b) 100 ordinary shares in MY CO2 (Certification MY), for a consideration of RM767.30 (or approximately S\$247) which was satisfied by the allotment and issuance of 225 and 22 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (c) 200 ordinary shares in MY CO2 (PG), for consideration of RM44,806.85 (or approximately S\$14,423) which was satisfied by the allotment and issuance of 13,125 and 1,298 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (d) 205 ordinary shares in MY CO2 (KL), for a consideration of RM49,965.97 (or approximately S\$16,084) which was satisfied by the allotment and issuance of 14,637 and 1,447 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (e) 100 ordinary shares in MY CO2 (JB), for a consideration of RM22,091.20 (or approximately S\$7,111) which was satisfied by the allotment and issuance of 6,471 and 640 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively;
- (f) 105 ordinary shares in Empiric Science, for a consideration of RM4,251.25 (or approximately S\$1,368) which was satisfied by the allotment and issuance of 1,245 and 123 new ordinary shares of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively.

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**1. General corporate information (Continued)**

**1.2 Restructuring exercise (Continued)**

- 6) Acquisition of shares in LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) by the Company.

Pursuant to a share purchase agreement dated 15 November 2022 entered into between the Company and the vendor, the Company had, on 15 November 2022, acquired all of issued and paid-up share capital of LMS Compliance International Pte. Ltd. from the Vendors, for an aggregate consideration of S\$2.00, which was arrived at on a willing-buyer and willing-seller basis, taking into account the net liability position of LMS Compliance International Pte. Ltd. as at 31 March 2022. The consideration was satisfied by the allotment and issuance of one ordinary share of the Company to Louis May Pte. Ltd. and Fitcorp Value Pte. Ltd. respectively.

**1.3 Details of subsidiaries**

As at date of this report, the Company has the following subsidiaries:

Name of company	Principal place of business	Principal activities	Effective equity interest		
			2019 %	2020 %	2021 %
My CO2 Sdn. Bhd.	Penang, Malaysia	HQ functions, software and online application development	100	100	100
My CO2 Certification Sdn. Bhd.	Penang, Malaysia	ISO Certification, assessment, education and training services	*–	100	100
LMS Compliance International Pte. Ltd (formerly known as My CO2 Certification Pte. Ltd.)	Singapore	Dormant	*–	100	100
Empiric Science Sdn. Bhd.	Penang, Malaysia	Trading of scientific instrument, chemical, media and laboratory solutions. Promote and market software and online applications	100	100	100
My CO2 (PG) Sdn. Bhd.	Penang, Malaysia	Accredited laboratory providing testing services	100	100	100
My CO2 (KL) Sdn. Bhd.	Selangor, Malaysia	Accredited laboratory providing testing services	100	100	100
My CO2 (JB) Sdn. Bhd.	Johor, Malaysia	Accredited laboratory providing testing services	100	100	100
My CO2 Group Sdn. Bhd.**	Penang, Malaysia	Investment holding	–	–	–

\* The Combined Group held 40% effective equity interest in both My CO2 Certification Sdn. Bhd. and LMS Compliance International Pte. Ltd (formerly known as My CO2 Certification Pte. Ltd.) as at 31 December 2019, and classified these companies as associates.

\*\* My CO2 Group Sdn. Bhd., a wholly owned subsidiary of the Company, was incorporated on 30 August 2022.



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**2. Basis of preparation of combined financial statements**

For the purpose of the presentation of the combined financial statements, the Combined Group consists of companies under common control, namely MY CO2, My CO2 (Certification MY), LMS Compliance International Pte. Ltd. (formerly known as My CO2 Certification Pte. Ltd.), Empiric Science, MY CO2 (PG), MY CO2 (KL) and MY CO2 (JB).

Entities under common control are entities which are ultimately controlled by the same parties, Ooi Shu Geok and Chong Moi Me, and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

These combined financial statements of the Combined Group are a combination or aggregation of the financial statements of the entities which are under common control. The combined financial statements of the Combined Group for the financial years ended 31 December 2019, 2020 and 2021 have been prepared in a manner similar to the “pooling-of-interest” method. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationship was not established until after the Company formally acquired the share capital of the subsidiaries subsequent to the financial year ended 31 December 2021.

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

These financial statements are the Combined Group’s first financial statements prepared in accordance with SFRS(I). The Combined Group has previously prepared its financial statements in accordance with Financial Reporting Standards in Singapore (“FRSs”). As required by SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*, the Combined Group has consistently applied the same accounting policies throughout all financial years presented, as if these policies had always been in effect subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

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**2. Basis of preparation of combined financial statements (Continued)**

The financial statements of all companies within the Combined Group for financial years ended 31 December 2019, 2020 and 2021 covered by the combined financial statements were exempted from audit except for entities audited by the following firms of Chartered Accountants:

<b>Name of company</b>	<b>Entity</b>	<b>Financial year</b>
My CO2 Sdn. Bhd.	BDO PLT, Malaysia	Financial years ended 31 December 2019, 2020 and 2021
My CO2 Certification Sdn. Bhd.	BDO PLT, Malaysia	Financial years ended 31 December 2019, 2020 and 2021
Empiric Science Sdh. Bhd.	BDO PLT, Malaysia	Financial years ended 31 December 2019, 2020 and 2021
My CO2 (PG) Sdn. Bhd.	BDO PLT, Malaysia	Financial years ended 31 December 2019, 2020 and 2021
My CO2 (KL) Sdn. Bhd.	BDO PLT, Malaysia	Financial years ended 31 December 2019, 2020 and 2021
My CO2 (JB) Sdn. Bhd.	BDO PLT, Malaysia	Financial years ended 31 December 2019, 2020 and 2021

Items included in the combined financial statements of the Combined Group are measured using the currency of the primary economic environment in which the entities operate (“functional currency”). The combined financial statements are presented in Malaysian Ringgit (“RM”) which is the functional currency and presentation currency of the Company. The combined financial statements are expressed in RM.

The preparation of combined financial statements in conformity with SFRS(I) requires the management to exercise judgement in the process of applying the Combined Group’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting periods, and the reported amounts of 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 financial years if the revision affects both current and future financial years.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the combined financial statements are disclosed in Note 4 to the combined financial statements.

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**3. Summary of significant accounting policies**

During the financial years ended 31 December 2019, 2020 and 2021, the Combined Group adopted the new and revised SFRS(I)s that are relevant to its operations and effective for each financial year respectively. Changes to the Combined Group’s accounting policies have been made as required in accordance with the relevant transitional provisions in the respective SFRS(I). The adoption of the new or revised SFRS(I) did not result in any substantial changes to the Combined Group’s accounting policies and has no material effect on the amounts reported for the respective financial years, except as detailed below.

**3.1 Changes in accounting policies**

*SFRS(I) 16 Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*, SFRS(I) INT 1-15 *Operating leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the Combined Group’s combined statements of financial position by recognising a right-of-use asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remain substantially unchanged under SFRS(I) 16. The Combined Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as an adjustment to the opening retained earnings as at 1 January 2019 (the “date of initial application”). The Combined Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17, SFRS(I) INT 4, SFRS(I) INT 1-15 and SFRS(I) INT 1-27 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

Under SFRS(I) 16, the Combined Group recognises right-of-use assets and lease liabilities for all its leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Combined Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

On adoption of SFRS(I) 16, the Combined Group recognised right-of-use assets and lease liabilities in relation to office premises, which had previously been classified as operating leases.

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the assets acquired under finance leases and finance lease payable at the date of initial application shall be the carrying amount of the right-of-use assets and lease liabilities as at 1 January 2019. Consequently, certain plant and equipment are reclassified and presented under right-of-use assets at the date of initial application.

The details of the accounting policy for leases are disclosed in Note 3.10 to the combined financial statements.

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

**3.1 Changes in accounting policies (Continued)**

*SFRS(I) issued but not yet effective*

As at the date of authorisation of these financial statements, the Combined Group has not adopted the following SFRS(I) that has been issued but not yet effective:

	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 1-1 (Amendments) : Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 1-16 (Amendments) : Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
SFRS(I) 1-37 (Amendments) : Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
SFRS(I) 3 (Amendments) : Reference to the Conceptual Framework	1 January 2022
SFRS(I) 4 (Amendments) : Extension of the Temporary Exemption From Applying SFRS(I) 9	To be determined
SFRS(I) 16 (Amendments) : COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
SFRS(I) 17 : Insurance Contracts	1 January 2023
Various : Amendments to SFRS(I) 17	1 January 2023
SFRS(I) 1-1 and SFRS(I) Practice Statement 2 (Amendments) : Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-8 : Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12, SFRS(I) 1 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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 : Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information	1 January 2023
Various amendments : Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

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

The Combined Group expects that the adoption of the above SFRS(I)s, if applicable, will have no material impact on the financial statements in the period of their initial adoption.

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

**3.2 Basis of consolidation**

The combined financial statements comprise the financial statements of the Company and its subsidiaries made up to the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as that of the parent company.

Accounting policies of the subsidiaries have been changed where necessary to align them with the policies adopted by the Combined Group to ensure consistency.

Subsidiaries are combined from the date on which control is transferred to the Combined Group up to the effective date on which that control ceases. In preparing the combined financial statements, inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred.

Changes in the Combined 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 Combined 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 Combined Group loses control of a subsidiary, 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 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

**3.3 Business combinations**

The acquisitions of subsidiaries are accounted for using the acquisition method. The considerations transferred for the acquisitions are 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 Combined Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes the fair value of any contingent consideration measured at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability will be recognised to profit or loss.

The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held-for-Sale and Discontinued Operations*, which are recognised and measured at the lower of cost and fair value less costs to sell.

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

**3.3 Business combinations (Continued)**

Where a business combination is achieved in stages, the Combined Group’s previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Combined 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.

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, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Combined Group of an acquiree’s share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Combined Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Combined Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

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 gain.

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

**3.3 Business combinations (Continued)**

*Acquisition under common control*

Business combination arising from transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously and no adjustments are made to reflect the fair values or recognised any new assets or liabilities, including no goodwill is recognised as a result of the combination. The components of equity of the acquired entities are added to the same components within the Combined Group equity. Any difference between the consideration paid for the acquisition and share capital of acquiree is recognised directly to equity as merger reserve.

**3.4 Associates**

Associate is entity over which the Combined Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associate is initially recognised in the combined statements of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Combined Group’s share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate.

Under the equity method, the Combined Group’s share of post-acquisition profits and losses and other comprehensive income is recognised in the combined statements of comprehensive income. Post-acquisition changes in the Combined Group’s share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Combined Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Combined Group’s net investment) are not recognised, unless the Combined Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where a Combined Group entity transacts with an associate, unrealised profits are eliminated to the extent of the Combined Group’s interest in the associate. Any eliminated gain that is in excess of the carrying amount of the Combined Group’s interest in the associate should be recognised as deferred income. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

Investments in associates are carried at cost, less any impairment loss in the Combined Group’s combined statement of financial position.

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

**3.5 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Combined Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

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

Computer equipment	10% - 20%
Building	2%
Motor vehicles	20%
Office equipment	10% - 20%
Tools and equipment	10% - 20%
Renovation	10% - 20%

Freehold land has unlimited useful life and therefore is not depreciated. Construction-in-progress represents items of assets under construction, which is stated at cost less any impairment losses, and it is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction-in-progress is classified to the appropriate category of property, plant and equipment when the assets are completed and ready for use.

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.



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

**3.6 Intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried cost less accumulated amortisation and accumulated impairment losses, if any.

The useful life of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the changes in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

*Goodwill*

Goodwill arising on the acquisition of subsidiary represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Combined Group’s cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

**3.6 Intangible assets (Continued)**

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

**3.7 Impairment of non-financial assets excluding goodwill**

The carrying amounts of non-financial assets excluding goodwill are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset’s recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups of assets. Impairment loss is recognised in profit or loss, unless it reverses a previous revaluation, credited to other comprehensive income, in which case it is charged to other comprehensive income up to the amount of any previous revaluation.

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. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which the assets belong. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm’s length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal in excess of impairment losses recognised in profit or loss in prior periods is treated as a revaluation increase. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

**3.8 Financial assets**

The Combined Group shall recognise a financial asset in the combined statements of financial position when, and only when, the Combined Group becomes a party to the contractual provisions of the instrument.

The Combined Group classifies its financial assets as measured at amortised cost and fair value through profit or loss. This classification depends on the Combined Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Combined Group shall reclassify its affected financial assets when and only when the Combined Group changes its business model for managing these financial assets.

*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 lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the combined statements of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for other receivables and bank deposits 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 Combined Group’s financial assets measured at amortised cost comprise trade and other receivables (excluding prepayment) and cash and bank balances in the combined statements of financial position.

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

**3.8 Financial assets (Continued)**

*Financial assets at fair value through other profit or loss (“FVTPL”)*

The Combined Group has invested in money market funds which the assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income and are measured at FVTPL the fair value changes is recognised in profit or loss.

Distribution income is recognised in profit or loss, unless the distribution income clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the distribution income is recorded against the associated investments’ carrying amount.

Purchases and sales of financial assets measured at fair value through profit or loss are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through profit or loss.

Derecognition of financial assets

The Combined Group derecognises 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.

**3.9 Cash and cash equivalents**

Cash and cash equivalents comprise 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.

**3.10 Leases**

*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.

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 Combined Group’s incremental borrowing rate on commencement of the lease is used.

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

**3.10 Leases (Continued)**

*As lessee (Continued)*

Initial measurement (Continued)

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 Combined Group 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; and
- initial direct costs incurred; and
- the amount of any provision recognised where the Combined Group is contractually required to dismantle, remove or restore the leased asset.

The Combined Group presents the right-of-use assets and lease liabilities separately from other assets and other liabilities in the combined statements of financial position.

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 re-measurement 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. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Combined Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying assets as follows:

Office premises	10% - 11%
Motor vehicles	20%

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

**3.10 Leases (Continued)**

*As lessee (Continued)*

Subsequent measurement (Continued)

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 3.7 to the combined 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 re-measurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Combined Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjust 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 re-measurement is recognised directly in profit or loss.

When the Combined Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results 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 asset 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 are 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 renegotiated 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 Combined Group has elected to account for the entire contract as a lease. The Combined Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

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

**3.11 Financial liabilities**

Financial liabilities are recognised in the combined statements of financial position when, and only when, the Combined Group becomes a party to the contractual provisions of the financial instrument. The Combined Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

*Trade and other payables*

Trade and other payables (excluding sales and service tax payable and deferred grant income) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

*Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the combined statements of financial position.

Derecognition of financial liabilities

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

**3.12 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.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds.

**3.13 Government grants**

Government 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 related to an asset may be presented in the combined statements of financial position by deducting the grant in arriving at the carrying amount of the asset.

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

**3.14 Revenue recognition**

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Combined Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts and variable amounts, or both. The Combined Group’s revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to these fixed price.

*Rendering of services*

The Combined Group provides services including testing and assessment services (“Laboratory Testing Services”), management system and certification services (“Certification Services”) and provision of conformity assessment technology services to its customers. Certain revenue contracts with customers consist of multiple services under one contract. The management assessed each contract and unbundled these services as distinct performance obligations. The Combined Group allocated transaction price to each performance obligation based on its relative stand-alone selling price.

Revenue from Laboratory Testing Services and Certification Services, are recognised at a point in time upon delivery of the certificate of acceptance issued to the customer. Revenue will only be recognised to the extent that it is highly probable that a significant reversal will not occur, net of discounts. A receivable is recognised upon billing net of deposits received.

Revenue from provision of conformity assessment technology services is satisfied over time because the customer simultaneously receives and consumes the benefits. Revenue is recognised over time over the service contract term. Limited judgement is needed to identify when the point of control passes to customers.

*Sale of goods*

Revenue from the sale of goods including analytical instruments, testing equipment and chemicals is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

The amount of revenue recognised is based on the estimated transaction price which comprises the contractual price, net of the discounts. The Combined Group retains control of the good and satisfies its performance obligation only when the good is accepted by the customer.

There is limited judgement needed to identify when the point of control passes to customers. There is no element of financing component in the Combined Group’s revenue transactions as customers are required to pay within a credit term of 30 to 60 days. In situation where payments are collected prior to services rendered, a contract liability is recognised.



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

**3.15 Employee benefits**

*Defined contribution plan*

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

*Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for unutilised annual leave as a result of services rendered by employees up to the end of the reporting period.

**3.16 Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as expenses 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.

**3.17 Income tax**

Income tax expense for the financial year 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.

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

**3.17 Income tax (Continued)**

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.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Combined Group and it is probable that the temporary difference will not reverse in the foreseeable future.

**3.18 Foreign currencies**

Items included in the individual financial statements of each entity in the Combined Group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

In preparing the financial statements, transactions in currencies other than the entity’s functional currency (“foreign currencies”) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated 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 re-translated.

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

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

**3.18 Foreign currencies (Continued)**

For the purposes of presenting combined financial statements, the financial positions and results of the Combined Group’s entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) asset and liabilities are translated at the closing exchange rate at the end of the reporting period;
- (ii) income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation account in equity. Such translation differences are recognised in profit or loss in the financial year in which the foreign operation is disposed of.

**3.19 Dividends**

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

**3.20 Segment reporting**

An operating segment is a component of the Combined Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the Combined Group) and whose operating results are regularly reviewed by the Combined Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

**4. Critical accounting judgements and key sources of estimation uncertainty**

**4.1 Critical judgements made in applying the accounting policies**

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

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

**4.2 Key sources of estimation uncertainty**

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

(i) Loss allowance for receivables

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile as well as credit risk profile of customer. The carrying amounts of the Combined Group’s trade and other receivables as at 31 December 2019, 2020 and 2021 were RM2,702,975, RM2,709,857 and RM2,656,012 respectively. Notwithstanding the above, the Combined Group evaluates the expected credit loss on customers in financial difficulties separately. Specific allowance for impairment of trade receivables was made for those customers identified in financial difficulties during the financial years. Loss allowance on receivables of RM93,520, RM74,382 and RM129,497 were recognised as at 31 December 2019, 2020 and 2021 respectively. Reversal of loss allowance of receivables of RM46,186 and RM19,138 were recognised in profit or loss for the financial year ended 31 December 2019 and 2020 respectively. Additional loss allowance of receivables of RM55,115 was recognised in profit and loss for the financial year ended 31 December 2021.

(ii) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Combined Group has determined the discount rate by reference to the respective lessee’s incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Combined Group obtains the relevant market interest rate after considering the financial position of the lessees as well as the term of the lease. Management considers its own credit spread information from industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The average incremental borrowing rate applied to lease liabilities as at 31 December 2019, 2020 and 2021 were 4.19%, 4.68%, 4.97% respectively. The carrying amount of lease liabilities of the Combined Group as at 31 December 2019, 2020 and 2021 were RM2,346,996, RM2,391,418 and RM2,108,963 respectively. If the incremental borrowing rate had been 0.5% higher or lower than management’s estimates, the Combined Group’s lease liabilities would have been lower or higher by RM47,839, RM54,631 and RM54,631 for reporting periods ended 31 December 2019, 2020 and 2021 respectively.

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**5. Property, plant and equipment**

<b>Cost</b>	<b>Computer equipment</b>	<b>Freehold land &amp; building</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Tools and equipment</b>	<b>Renovation</b>	<b>Construction work-in progress</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at 1 January 2019	237,474	4,393,830	168,272	712,798	1,396,470	1,136,898	–	8,045,742
Additions	14,030	–	168,547	3,280	898,552	–	120,066	1,204,475
Written off	(51,199)	–	–	(166,905)	(33,663)	(49,767)	–	(301,534)
Disposal	–	–	(50,000)	–	–	–	–	(50,000)
Transferred from right-of-use assets	–	–	62,497	–	–	–	–	62,497
Balance at 31 December 2019	200,305	4,393,830	349,316	549,173	2,261,359	1,087,131	120,066	8,961,180
<b>Accumulated depreciation</b>								
Balance at 1 January 2019	176,499	75,381	163,946	440,141	631,261	660,725	–	2,147,953
Depreciation for the financial year	32,292	29,760	27,139	63,310	192,731	132,510	–	477,742
Written off	(51,153)	–	–	(166,741)	(26,302)	(49,745)	–	(293,941)
Disposal	–	–	(49,999)	–	–	–	–	(49,999)
Balance at 31 December 2019	157,638	105,141	141,086	336,710	797,690	743,490	–	2,281,755
<b>Net carrying amount</b>								
Balance at 31 December 2019	42,667	4,288,689	208,230	212,463	1,463,669	343,641	120,066	6,679,425

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**5. Property, plant and equipment (Continued)**

<b>Cost</b>	<b>Computer equipment</b>	<b>Freehold land &amp; building</b>	<b>Motor vehicles</b>	<b>Office equipment</b>	<b>Tools and equipment</b>	<b>Renovation</b>	<b>Construction work-in progress</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at 1 January 2020	200,305	4,393,830	349,316	549,173	2,261,359	1,087,131	120,066	8,961,180
Additions	184,520	–	34,530	102,068	399,263	44,365	363,745	1,128,491
Written off	(52,763)	–	(4,030)	(7,554)	(302,665)	–	–	(367,012)
Transferred from right-of-use assets	–	–	29,758	–	–	–	–	29,758
Reclassification	25,500	–	–	–	–	–	(25,500)	–
Balance at 31 December 2020	357,562	4,393,830	409,574	643,687	2,357,957	1,131,496	458,311	9,752,417
<b>Accumulated depreciation</b>								
Balance at 1 January 2020	157,638	105,141	141,086	336,710	797,690	743,490	–	2,281,755
Depreciation for the financial year	29,731	29,760	81,152	56,679	232,874	105,788	–	535,984
Written off	(52,712)	–	(4,029)	(7,259)	(302,627)	–	–	(366,627)
Balance at 31 December 2020	134,657	134,901	218,209	386,130	727,937	849,278	–	2,451,112
<b>Net carrying amount</b>								
Balance at 31 December 2020	222,905	4,258,929	191,365	257,557	1,630,020	282,218	458,311	7,301,305

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**5. Property, plant and equipment (Continued)**

	Computer equipment	Freehold land & building	Motor vehicles	Office equipment	Tools and equipment	Renovation	Construction work-in progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM
<b>Cost</b>								
Balance at 1 January 2021	357,562	4,393,830	409,574	643,687	2,357,957	1,131,496	458,311	9,752,417
Additions	18,706	-	169,232	4,330	306,058	18,975	192,720	710,021
Written off	(840)	-	-	(32,876)	-	-	-	(33,716)
Disposal	-	-	(51,405)	-	-	-	-	(51,405)
Reclassification	-	-	-	95,315	-	535,196	(630,511)	-
Balance at 31 December 2021	375,428	4,393,830	527,401	710,456	2,664,015	1,685,667	20,520	10,377,317
<b>Accumulated depreciation and impairment loss</b>								
Balance at 1 January 2021	134,657	134,901	218,209	386,130	727,937	849,278	-	2,451,112
Depreciation for the financial year	53,518	29,760	72,291	66,629	285,344	143,280	-	650,822
Written off	(658)	-	-	(25,631)	-	-	-	(26,289)
Disposal	-	-	(51,403)	-	-	-	-	(51,403)
Impairment loss	-	-	25,322	-	-	-	-	25,322
Balance at 31 December 2021	187,517	164,661	264,419	427,128	1,013,281	992,558	-	3,049,564
<b>Net carrying amount</b>								
Balance at 31 December 2021	187,911	4,229,169	262,982	283,328	1,650,734	693,109	20,520	7,327,753

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**5. Property, plant and equipment (Continued)**

During the financial year ended 31 December 2021, the Combined Group carried out a review of the recoverable amount of its property, plant and equipment with indications of impairment arising from the natural disaster that took place during the financial year which resulted in irreversible damage to the motor vehicles. Accordingly, impairment loss on the carrying amount of motor vehicles of RM25,322 was recognised in profit or loss for the financial year ended 31 December 2021.

The Combined Group had a motor vehicle with carrying value of RM57,690, RM43,267 and RM28,845 as at 31 December 2019, 2020 and 2021 respectively registered in the name of one of the Directors, and which is held in trust by said Director. On 1 August 2022, the trust arrangement has been revoked, following which the Combined Group holds the motor vehicle directly through My CO2.

As at the end of the respective reporting period, the carrying amount of the Combined Group’s property, plant and equipment which have been pledged for the banking facilities as set out in Note 17 to the combined financial statements was as follows:

	2019 RM	2020 RM	2021 RM
Freehold land	2,350,511	2,350,511	2,350,511
Building	1,043,687	1,020,182	996,677
	3,394,198	3,370,693	3,347,188

**6. Right-of-use assets**

	Balance at 1 January 2019 RM	Transfer to property, plant and equipment RM	Depreciation for the financial year RM	Balance at 31 December 2019 RM
Motor vehicles	364,813	(62,497)	(137,718)	164,598
Office premises	2,192,381	–	(78,822)	2,113,559
	2,557,194	(62,497)	(216,540)	2,278,157

	Balance at 1 January 2020 RM	Additions RM	Transfer to property, plant and equipment RM	Depreciation for the financial year RM	Balance at 31 December 2020 RM
Motor vehicles	164,598	–	(29,758)	(98,343)	36,497
Office premises	2,113,559	307,993	–	(250,858)	2,170,694
	2,278,157	307,993	(29,758)	(349,201)	2,207,191



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**6. Right-of-use assets (Continued)**

	<b>Balance at 1 January 2021 RM</b>	<b>Depreciation RM</b>	<b>Balance at 31 December 2021 RM</b>
Motor vehicles	36,497	(18,248)	18,249
Office premises	2,170,694	(250,857)	1,919,837
	<u>2,207,191</u>	<u>(269,105)</u>	<u>1,938,086</u>

The carrying amount of the Combined Group’s motor vehicles amounted to RM164,598, RM36,497 and RM18,249 as at 31 December 2019, 2020 and 2021 respectively were acquired under finance lease arrangements. The assets will be seized and returned to lessor in the event of the default by the Combined Group.

The Combined Group had a motor vehicle with carrying value of RM60,276, RM Nil and RM Nil as at 31 December 2019, 2020 and 2021 respectively is secured over the lease liability registered in the name of one of the Directors of the Combined Group amounted to RM98,692, RM71,776 and RM17,944 as at 31 December 2019, 2020 and 2021 respectively, and which is held in trust by said Director. On 1 August 2022, the trust arrangement has been revoked, following which the Combined Group holds the motor vehicle directly through My CO2.

**7. Investment in associates**

	<b>2019 RM</b>
Unquoted equity investments, at cost	8,000
Share of post-acquisition results of associates, net of dividends	<u>(8,000)</u>
	<u>–</u>

The details of associates are disclosed in Note 1.3 to the audited combined financial statements for the financial years ended 31 December 2019, 2020 and 2021.

My CO2 (Certification MY)’s and LMS Compliance International Pte. Ltd. (formerly known as My CO2 Certification Pte. Ltd.)’s primary business is in alignment with the Combined Group, providing International Organisation for Standardisation (“ISO”) application, ISO certification, ISO conformity assessment, ISO education services and provide training and management consultancy activities.

The associates had no contingent liabilities and capital commitments as at 31 December 2019.

The Combined Group had not recognised its share of losses of My CO2 (Certification MY) and LMS Compliance International Pte. Ltd. (formerly known as My CO2 Certification Pte. Ltd.) amounting to RM6,212 for the financial year ended 31 December 2019 as the Combined Group’s share of losses exceeds its interest in the associate and the Combined Group had no obligation in respect of those losses. The cumulative unrecognised losses with respect to these associates amounted to RM14,447 as at 31 December 2019.

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**7. Investment in associates (Continued)**

On 1 June 2020 and 15 June 2020, the controlling parties of the Combined Group acquired the remaining 60% equity interest in LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) and MY CO2 (Certification MY). Upon the acquisition, MY CO2 (Certification MY) and LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) became subsidiaries of the Combined Group. On the same dates, the carrying amounts of the investment in associate in MY CO2 (Certification MY) and LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) were derecognised and were recognised as investment in subsidiaries.

**8. Goodwill**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Cost</b>			
Balance at beginning of financial year	–	–	42,112
Additions	–	42,112	–
Balance at end of financial year	–	42,112	42,112
<b>Accumulated impairment loss</b>			
Balance at beginning of financial year	–	–	42,112
Impairment loss	–	42,112	–
Balance at end of financial year	–	42,112	42,112
<b>Net carrying amount</b>			
Balance at end of financial year	–	–	–

On 1 June 2020 and 15 June 2020, the controlling parties of the Combined Group acquired the remaining 60% equity interest in LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) and MY CO2 (Certification MY). Upon the acquisition, LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) and MY CO2 (Certification MY) became subsidiaries of the Combined Group. The controlling parties of the Combined Group received a net cash consideration of \$4,077 for the step acquisition.

The controlling parties of the Combined Group acquired the subsidiaries in order to expand the Combined Group’s business operations as well as to benefit from the expected synergies that can be achieved in combining the operation of these subsidiaries.

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**8. Goodwill (Continued)**

The fair values of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were:

	<b>My CO2 Certification Sdn. Bhd. RM</b>	<b>LMS Compliance International Pte. Ltd. (formerly known as My CO2 Certification Pte. Ltd.) RM</b>	<b>Total RM</b>
<b>Assets</b>			
Other receivables	2,056	304	2,360
Bank balances	6,393	–	6,393
Total assets	<u>8,449</u>	<u>304</u>	<u>8,753</u>
<b>Liabilities</b>			
Other payables	<u>66,295</u>	<u>5,849</u>	<u>72,144</u>
Net identifiable liabilities at fair value	57,846	5,545	63,391
Consideration received by owners of the Combined Group:			
- purchase consideration	4,260	(183)	4,077
Fair value of previously held 40% equity interest at acquisition date	<u>(23,138)</u>	<u>(2,218)</u>	<u>(25,356)</u>
Goodwill arising from acquisition	<u>38,968</u>	<u>3,144</u>	<u>42,112</u>

The loss on deemed disposal of RM25,356 recognised as a result of remeasuring the previously held equity interest in MY CO2 (Certification MY) and LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) was recognised in “Other expenses” line item in the Combined Group’s profit or loss for the financial year ended 31 December 2020.

From the date of acquisition, MY CO2 (Certification MY) and LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) contributed RM13,600 and RM32,255 to the Combined Group’s revenue and loss for the financial year ended 31 December 2020 respectively. If the combination had taken place at the beginning of the financial year ended 31 December 2020, the Combined Group’s revenue and profit after tax for the financial year ended 31 December 2020 would have been RM15,839,133 and RM4,689,970 respectively.

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**8. Goodwill (Continued)**

The effect of acquisition of subsidiaries on the combined statements of cash flows were as follows:

	2019 RM	2020 RM	2021 RM
Total purchase consideration	–	–	–
Less: Cash and cash equivalents of subsidiaries acquired	–	(6,393)	–
Net cash inflow from acquisitions	–	(6,393)	–

*Impairment test of goodwill*

The Combined Group carried out an annual review on the recoverable amount on goodwill arising from MY CO2 (Certification MY) and LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) as at 31 December 2020. As at 31 December 2020, there is no certainty that MY CO2 (Certification MY) will generate sufficient positive value-in-use in projected years and LMS Compliance International Pte. Ltd. (formerly known as MY CO2 Certification Pte. Ltd.) did not have business operation. This resulted in the recoverable amount of the goodwill was determined based on their fair value less cost of disposal (“FVLCOD”) for the financial year ended 31 December 2020. This fair value measurement is categorised as a Level 3 in the fair value hierarchy based on the inputs used. The assessment resulted in the recognition of an impairment loss of RM42,112 in “Other expenses” line item in profit or loss for the financial year ended 31 December 2020.

**9. Trade and other receivables**

	2019 RM	2020 RM	2021 RM
Trade receivables			
- Third parties	2,659,194	2,597,816	2,649,698
Less: Loss allowance on receivables	(93,520)	(74,382)	(129,497)
	2,565,674	2,523,434	2,520,201
Other receivables			
- Third parties	9,937	123,780	54,256
- Associate	5,846	–	–
- Directors of the Combined Group	–	304	309
	15,783	124,084	54,565
Deposits	121,518	62,339	81,246
	137,301	186,423	135,811
	2,702,975	2,709,857	2,656,012

Trade receivables are non-interest bearing and the normal credit term granted by the Combined Group ranges from 30 days to 90 days.

The non-trade amounts due from third parties, associate and Directors of the Combined Group are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

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**9. Trade and other receivables (Continued)**

The Combined Group determined, by reference to past default experience and expected credit losses (“ECL”), which incorporate forward looking estimates. In calculating the ECL rates, the Combined Group considers historical loss rates for each aging bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the debtors to settle receivables.

The Combined Group recognises lifetime ECL for trade receivables based on individually significant customers or the ageing of customers collectively that are not individually significant. At the reporting period, the analysis of trade receivables and the carrying amount of allowances for impairment loss are as follows:

	ECL weightage	Gross carrying amount RM	Loss allowance on receivables RM	Net carrying amount RM
<b>2019</b>				
Not past due	0.75%	1,168,379	(8,727)	1,159,652
Past due 1 – 30 days	0.20%	744,151	(1,499)	742,652
Past due 31 – 60 days	0.87%	419,465	(3,650)	415,815
Past due over 60 days	24.34%	327,199	(79,644)	247,555
		<u>2,659,194</u>	<u>(93,520)</u>	<u>2,565,674</u>
<b>2020</b>				
Not past due	0.83%	1,231,321	(10,218)	1,221,103
Past due 1 – 30 days	1.12%	755,542	(8,459)	747,083
Past due 31 – 60 days	1.82%	365,768	(6,665)	359,103
Past due over 60 days	20.00%	245,185	(49,040)	196,145
		<u>2,597,816</u>	<u>(74,382)</u>	<u>2,523,434</u>
<b>2021</b>				
Not past due	0.01%	1,166,552	(139)	1,166,413
Past due 1 – 30 days	0.02%	745,268	(168)	745,100
Past due 31 – 60 days	0.03%	343,036	(93)	342,943
Past due over 60 days	32.70%	394,842	(129,097)	265,745
		<u>2,649,698</u>	<u>(129,497)</u>	<u>2,520,201</u>

Movement in loss allowance on receivables was as follows:

	2019 RM	2020 RM	2021 RM
<i>Other customers collectively assessed</i>			
Balance at beginning at financial year	139,706	93,520	74,382
(Reversal of)/Addition of loss allowance on receivables	(46,186)	(19,138)	55,115
Balance at end of financial year	<u>93,520</u>	<u>74,382</u>	<u>129,497</u>

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**9. Trade and other receivables (Continued)**

Third party trade receivables written off was included in “Other expenses” line item in profit or loss amounted to RM2,697, RM27,723 and RM1,809 for the financial years ended 31 December 2019, 2020 and 2021 respectively as management deemed the amount to be irrecoverable.

The currency profiles of trade and other receivables as at the end of the respective reporting periods are as follows:

	2019 RM	2020 RM	2021 RM
Malaysian Ringgit	2,702,975	2,689,494	2,626,576
Singapore dollar	–	20,363	29,436
	2,702,975	2,709,857	2,656,012

**10. Financial assets at fair value through profit or loss (“FVTPL”)**

	2019 RM	2020 RM	2021 RM
Money market funds	4,782,750	10,050,382	7,211,890
	2019 RM	2020 RM	2021 RM
Balance at beginning of financial year	1,901,731	4,782,750	10,050,382
Placements during the financial year	6,721,093	8,140,000	5,630,000
Redemptions during the financial year	(3,947,583)	(3,026,628)	(8,661,092)
Interest income	109,223	149,825	224,472
Fair value (loss)/gain recognised through profit or loss	(1,714)	4,435	(31,872)
Balance at end of financial year	4,782,750	10,050,382	7,211,890

Financial asset at FVTPL are investments in money market funds on highly liquid investment. The Combined Group intends to hold these investments for managing free cash flow and optimising working capital so as to provide a steady stream of income returns. The investments in quoted securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

The currency profile of the Combined Group’s financial asset at FVTPL as at the end of each of the respective reporting periods is Malaysian Ringgit.

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**11. Cash and bank balances**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash on hand	7,762	8,892	9,150
Cash at bank	594,386	725,221	1,096,976
	<u>602,148</u>	<u>734,113</u>	<u>1,106,126</u>

The currency profiles of cash and bank balances as at the end of the respective reporting periods are as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Malaysian Ringgit	496,268	581,866	933,119
Singapore dollar	72,728	109,125	119,720
United States dollar	33,152	43,122	53,287
	<u>602,148</u>	<u>734,113</u>	<u>1,106,126</u>

**12. Share capital**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Issued and fully-paid ordinary share capital of:			
- My CO2 Sdn Bhd	1,635,000	1,635,000	1,635,000
- My CO2 (JB) Sdn Bhd	100,000	100,000	100,000
- My CO2 (KL) Sdn Bhd	205,000	205,000	205,000
- My CO2 (PG) Sdn Bhd	200,000	200,000	200,000
- Empiric Science Sdn Bhd	105,000	105,000	105,000
- My CO2 Certification Sdn Bhd	-	80,000	80,000
	<u>2,245,000</u>	<u>2,325,000</u>	<u>2,325,000</u>

As the Company was incorporated only on 22 July 2022, for the purpose of these combined financial statements, the share capital at 31 December 2019, 2020 and 2021 represents the aggregation of the Combined Group’s interest in the issued and paid-up capital of all its subsidiaries.

The holders of ordinary shares are entitled to receive dividends as and when declared by the subsidiaries. All ordinary shares have no par value and carry one vote per ordinary share without restriction.

On 21 June 2020, My CO2 Certification Sdn. Bhd. issued 80,000 new ordinary shares for cash consideration of RM80,000.

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**13. Reserves**

	2019 RM	2020 RM	2021 RM
Merger reserve	8,000	12,077	12,077
Foreign currency translation reserve	–	57	(336)
	<u>8,000</u>	<u>12,134</u>	<u>11,741</u>

The merger reserve relates to the contribution by the controlling parties to the Combined Group.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Combined Group’s presentation currency and is non-distributable. Movement in this account is set out in the combined statements of changes in equity.

**14. Trade and other payables**

	2019 RM	2020 RM	2021 RM
<b>Non-current</b>			
Deferred grant income	<u>302,979</u>	<u>265,107</u>	<u>227,234</u>
<b>Current</b>			
Trade payables			
- Third parties	55,495	229,755	117,772
Other payables			
- Third parties	76,812	77,984	156,755
- Related parties	–	21	–
Accrued expenses	316,181	855,969	652,156
Deferred grant income	37,872	37,872	37,872
Sales and service tax (“SST”)	289,627	328,073	645,360
	<u>775,987</u>	<u>1,529,674</u>	<u>1,609,915</u>
	<u>1,078,966</u>	<u>1,794,781</u>	<u>1,837,149</u>

Trade payables are unsecured, non-interest bearing and are normally settled within the credit terms of 30 days to 60 days.

The non-trade amounts due to related parties of the Combined Group are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.



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**14. Trade and other payables (Continued)**

Deferred grant income is a government grant received from SME Corporation Malaysia for capital expenditure incurred for purchase of laboratory related equipment. Government grant is recognised as income over the periods necessary to match them with the costs for which they intended to compensate, on a systematic basis.

The currency profile of trade and other payables as at the end of the respective reporting period is Malaysian Ringgit.

**15. Lease liabilities**

	2019 RM	2020 RM	2021 RM
<b>Presented in combined statements of financial position</b>			
Non-current	2,075,425	2,108,962	1,863,719
Current	271,571	282,456	245,244
	2,346,996	2,391,418	2,108,963

	Balance at 1 January 2019 RM	Additions/ (Disposal) RM	Lease payment RM	Interest expenses RM	Balance at 31 December 2019 RM
Motor vehicles	341,759	(307)	(144,177)	13,100	210,375
Office premises	2,192,381	–	(109,041)	53,281	2,136,621
	2,534,140	(307)	(253,218)	66,381	2,346,996

	Balance at 1 January 2020 RM	Additions/ (Disposal) RM	Lease payment RM	Interest expenses RM	Balance at 31 December 2020 RM
Motor vehicles	210,375	–	(83,267)	4,789	131,897
Office premises	2,136,621	307,993	(347,006)	161,913	2,259,521
	2,346,996	307,993	(430,273)	166,702	2,391,418

	Balance at 1 January 2021 RM	Additions/ (Disposal) RM	Lease payment RM	Interest expense RM	Balance at 31 December 2021 RM
Motor vehicles	131,897	–	(88,866)	4,608	47,639
Office premises	2,259,521	–	(347,005)	148,808	2,061,324
	2,391,418	–	(435,871)	153,416	2,108,963

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**15. Lease liabilities (Continued)**

The maturity analysis of lease liabilities of the Combined Group at each reporting date are as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Contractual undiscounted cash flows</b>			
Not later than one financial year	421,476	435,791	381,103
After one financial year but within five financial years	1,325,390	1,437,370	1,403,034
More than five financial years	1,405,120	1,267,946	920,939
	<u>3,151,986</u>	<u>3,141,107</u>	<u>2,705,076</u>
Less: Future interest expense	(804,990)	(749,689)	(596,113)
Present value of lease liabilities	<u>2,346,996</u>	<u>2,391,418</u>	<u>2,108,963</u>

The average incremental borrowing rate applied as at 31 December 2019, 2020 and 2021 was 4.19%, 4.68% and 4.97% respectively. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

One of the motor vehicles acquired under finance lease arrangements by the Company as at 31 December 2019, 2020 and 2021 is supported by a guarantee provided by a Director of the Combined Group.

Rental of tools and equipment, machinery and office equipment of the Combined Group qualify as low value assets or short-term leases. The election of short-term leases is made by class of underlying assets with similar nature and use in the Combined Group’s operations 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 were RM281,175, RM455,261 and RM467,276 for the financial years ended 31 December 2019, 2020 and 2021 respectively.

The currency profile of the lease liabilities as at the end of respective reporting periods is Malaysian Ringgit.

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**16. Deferred tax liabilities**

	2019 RM	2020 RM	2021 RM
Deferred tax liabilities	217,100	301,500	319,800

Movement in deferred tax position was as follows:

	2019 RM	2020 RM	2021 RM
Balance at beginning of financial year	245,100	217,100	301,500
(Credit)/Charge to profit or loss	(28,000)	84,400	18,300
Balance at end of financial year	217,100	301,500	319,800

Deferred tax liabilities are attributable to temporary differences arising from accelerated tax depreciation computed at Malaysia’s income tax rate of 24% (2020: 24%, 2019: 24%).

**17. Bank borrowings**

	2019 RM	2020 RM	2021 RM
<b>Current</b>			
Term loan I	1,356,996	1,295,266	1,218,371
Term loan II	950,239	910,994	850,790
	<u>2,307,235</u>	<u>2,206,260</u>	<u>2,069,161</u>
<b>Effective interest rate per annum</b>			
Term loan	<u>4.37% - 4.55%</u>	<u>3.07% - 3.12%</u>	<u>3.07% - 3.12%</u>

Term loan I and Term loan II

Both term loans are repayable over 240 monthly installments comprising principal and interest.

The term loans are secured by freehold land and building as disclosed in Note 5 to the combined financial statements and are supported by a guarantee provided by the Directors of the Combined Group.

As at 31 December 2019 and 2021, one of the subsidiaries of the Combined Group was not in compliance with the dividend and profit-sharing arrangement covenants set out in the banking facilities letters as the Combined Group did not obtain the banks’ consent prior to the dividend declaration to the shareholders. The Combined Group is actively negotiating with the banks to seek for consent to waive the clauses on distribution of dividend and entry into profit-sharing arrangements.

On 1 September 2022, the Combined Group obtained letter of waiver for Term loan I from one of the banks for its breach of bank covenants. On the other hand, the Combined Group made early settlement to repay its entire Term loan II voluntarily on 12 October 2022.

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**17. Bank borrowings (Continued)**

As a result, Term loan I and II which were not scheduled for repayment within 12 months from the end of the reporting period but were classified as current liabilities as the Combined Group did not have the unconditional right at the end of reporting period to defer settlement for at least 12 months after the end of reporting period. Further details of the management of liquidity risk are set out in Note 30.2 to the combined financial statements.

Term loans are arranged at floating rates, thus exposing the Combined Group to cash flow interest rate risk as set out in Note 30.3 to the combined financial statements.

As at the end of the respective reporting period, the Combined Group has banking facilities as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Banking facilities granted	2,847,500	2,847,500	2,847,500
Banking facilities utilised	2,847,500	2,847,500	2,847,500

The currency profile of bank borrowings as at the end of the respective reporting period is Malaysian Ringgit.

**18. Revenue**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Type of goods or services</b>			
- Laboratory testing services	14,220,027	15,352,007	16,269,511
- Certification services	–	127,470	162,389
- Sale of goods	305,803	359,656	555,810
	<u>14,525,830</u>	<u>15,839,133</u>	<u>16,987,710</u>
<b>Timing of transfer of goods and services</b>			
Point-in-time	<u>14,525,830</u>	<u>15,839,133</u>	<u>16,987,710</u>

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**18. Revenue (Continued)**

**(a) Contract liabilities**

The information about contract liabilities from contracts with customers is disclosed as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Contract liabilities			
- Laboratory testing services	77,628	246,789	159,689
- Certification services	–	26,550	5,756
- Sale of goods	320	3,782	80,823
	<u>77,948</u>	<u>277,121</u>	<u>246,268</u>

Contract liabilities arises from unsatisfied performance obligations when the Combined Group issues billing to customers. This liability is recognised as revenue upon satisfaction of each performance obligation.

Changes in contract liabilities are highlighted as follows:

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Balance at beginning of financial year	47,710	77,948	277,121
Cash received in advance of performance and not recognised as revenue	74,316	258,700	227,109
Revenue recognised that was included in the contract liabilities balance at beginning of the financial year	(44,078)	(59,527)	(257,962)
Balance at end of financial year	<u>77,948</u>	<u>277,121</u>	<u>246,268</u>

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**19. Other income**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Gain on disposal of property, plant and equipment	9,999	–	5,798
Government grant income	37,872	37,872	36,412
Government wage subsidy	–	469,200	241,000
Interest income	109,544	149,898	224,530
Others	4,795	14,386	–
	<u>162,210</u>	<u>671,356</u>	<u>507,740</u>

**20. Depreciation expenses**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Depreciation of property, plant and equipment	477,742	535,984	650,822
Depreciation of right-of-use assets	216,540	349,201	269,105
	<u>694,282</u>	<u>885,185</u>	<u>919,927</u>

**21. Employee benefits expense**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Directors’ fee	428,000	300,000	150,000
Salaries, bonuses and other staff benefits	5,031,471	5,121,621	5,364,991
Contributions to defined contribution plans	652,248	648,541	678,170
	<u>6,111,719</u>	<u>6,070,162</u>	<u>6,193,161</u>

Included in the employee benefits expense were the remuneration of Directors as disclosed in Note 28 to the combined financial statements.

**22. Finance costs**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Lease liabilities interest	66,381	166,702	153,416
Bank borrowings interest	106,500	98,067	77,197
	<u>172,881</u>	<u>264,769</u>	<u>230,613</u>

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**23. Profit before income tax**

In addition to the charges and credits disclosed elsewhere in the notes to the combined financial statement, the above includes the following charges:

	2019	2020	2021
	RM	RM	RM
<i>Materials, consumables and subcontractor costs</i>			
Purchases	1,005,709	1,331,563	1,210,813
Outsourcing costs	11,084	117,717	222,534
Short term and low value lease expenses			
- Tools and equipment	7,244	4,269	8,122
- Machinery	–	650	1,650
<i>Other expenses</i>			
Audit fee	30,520	32,005	39,975
Bad debt written off	2,697	27,723	1,809
Property, plant and equipment written off	7,593	385	7,427
Foreign exchange loss, net	3,612	3,487	444
Professional fee	19,012	41,012	47,314
Short term and low value lease expenses			
- Office equipment	20,713	20,069	21,633
Impairment loss on property, plant and equipment	–	–	25,322
Impairment loss on goodwill	–	42,112	–
Loss on deemed disposal of investment in associates	–	25,356	–
Computer and IT expenses	36,711	92,942	68,569
Courier and postages	23,463	28,991	33,067
Cleaning charges	40,198	36,306	36,915
Utilities	296,906	285,177	279,738
Insurance	97,173	101,785	98,181
Printing and stationery	67,389	59,063	53,486
Provision for SST expenses	–	–	314,975
Telephone charges	29,842	41,595	39,764
Upkeep of property, plant and equipment	154,610	169,656	150,790
Advertisement	8,324	12,921	42,104
Mileage claims	87,740	69,625	80,151
Petrol, toll and parking	158,657	64,106	73,110
Travelling and accomodation	63,273	50,580	51,988

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**24. Income tax expense**

	2019 RM	2020 RM	2021 RM
Current income tax expense			
- current year	1,197,349	1,412,781	1,502,104
- under provision of income tax expense in respect of prior financial years	3,759	6,937	141,610
	<u>1,201,108</u>	<u>1,419,718</u>	<u>1,643,714</u>
Deferred tax expenses			
- relating to origination and reversal of temporary differences	(27,600)	84,400	18,300
- over provision of deferred tax expense in respect of prior financial year	(400)	–	–
	<u>(28,000)</u>	<u>84,400</u>	<u>18,300</u>
	<u>1,173,108</u>	<u>1,504,118</u>	<u>1,662,014</u>

**Reconciliation of effective income tax rate**

Profit before income tax	5,119,486	6,194,088	6,610,231
Tax at current income tax rate of 24%; 24%; 24%	1,228,677	1,486,581	1,586,456
Tax effects in respect of			
- expenses not deductible for tax purposes	118,372	242,500	125,220
- income not subjected to tax	(65,000)	(56,500)	(52,472)
- different tax rate for the first RM500,000; RM600,000; RM600,000 of chargeable income	(109,300)	(123,200)	(127,900)
Utilisation of capital allowance	(3,000)	(54,600)	–
Over provision of deferred tax expenses in respect of prior financial years	(400)	–	–
Under provision of income tax expenses in respect of prior financial years	3,759	6,937	141,610
Others	–	2,400	(10,900)
	<u>1,173,108</u>	<u>1,504,118</u>	<u>1,662,014</u>

**25. Earnings per share**

The calculation for earnings per share is based on:

	2019 RM	2020 RM	2021 RM
Profit attributable to owners of the Company	3,946,378	4,689,970	4,948,217
Weighted average number of ordinary shares	72,560,000	72,560,000	72,560,000
Earnings per share (in sen)			
- Basic and diluted	5.44	6.46	6.82



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**25. Earnings per share (Continued)**

The calculations of basic earnings over ordinary share for the relevant periods are based on profit attributable to owners of the Combined Group for the financial years ended 31 December 2019, 2020 and 2021 divided by pre-placement number of ordinary shares in relevant periods adjusted for the shares issued in the restructuring exercise and share split.

The diluted earnings per share for the relevant periods are same as the basic earnings per share as there were no dilutive potential ordinary shares for the relevant periods.

**26. Dividends**

	2019 RM	2020 RM	2021 RM
<b>My CO2 Sdn. Bhd. declared the following dividends:</b>			
First interim tax exempt dividend of approximately RM0.40, RMNil and RMNil per ordinary share in respect of financial years ended 31 December 2019, 2020 and 2021 respectively	654,000	–	–
<b>My CO2 (KL) Sdn. Bhd. declared the following dividends:</b>			
First interim tax exempt dividend of approximately RM7.50, RMNil and RM14.63 per ordinary share in respect of financial years ended 31 December 2019, 2020 and 2021	1,537,500	–	3,000,000
Second interim tax exempt dividend of approximately RM4.00, RMNil and RMNil per ordinary share in respect of financial years ended 31 December 2019, 2020 and 2021 respectively.	820,000	–	–
<b>My CO2 (PG) Sdn. Bhd. declared the following dividends:</b>			
First interim tax exempt dividend of approximately RMNil, RMNil and RM2.50 per ordinary share in respect of financial years ended 31 December 2019, 2020 and 2021 respectively	–	–	500,000
Second interim tax exempt dividends of approximately RMNil, RMNil and RM15.00 per ordinary share in respect of financial years ended 31 December 2019, 2020 and 2021 respectively	–	–	3,000,000
	3,011,500	–	6,500,000

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**27. Capital commitments**

	2019 RM	2020 RM	2021 RM
Capital expenditure contracted but not provided for			
- commitments for the acquisition of property, plant and equipment	–	–	130,086

**28. Significant related party transactions**

For the purpose of these combined financial statements, parties are considered to be related to the Combined Group if the Combined Group has 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 Combined Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the combined financial statements, the following were significant related party transaction at rates and terms agreed between Group and its related parties during the financial years ended 31 December 2019, 2020 and 2021.

	2019 RM	2020 RM	2021 RM
<b>With directors of the Combined Group</b>			
Payment of expenses on behalf of the Combined Group	215,801	262,775	221,579
Payment of expenses on behalf by the Combined Group	1,485	–	6,402
Advances from directors	4,000	30,000	–
Rental fee	98,000	294,000	294,000

**Compensation of key management personnel**

Key management personnel are directors of the Combined Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Combined Group directly and indirectly.

The remuneration of key management personnel of the Combined Group during the financial years ended 31 December 2019, 2020 and 2021 were as follows:

	2019 RM	2020 RM	2021 RM
Directors of the Combined Group			
- Directors’ fees	288,000	192,000	96,000
- Short-term employee benefits	454,519	447,434	405,047
	742,519	639,434	501,047
Directors of subsidiaries			
- Directors’ fees	140,000	108,000	54,000
- Short-term employee benefits	438,436	463,499	529,726
	578,436	571,499	583,726

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**29. Segment Information**

**Business segment**

The Combined Group has four primary business segments, which are testing and assessment segment, trading segment, certification services segment and provision of conformity assessment technology segment.

1. Testing and assessment business segment provides product safety testing and industry compliance assessment.
2. Trading business segment provides supplies in all kinds of scientific products, salts, medical and chemical preparation.
3. Certification services business segment provides ISO application, ISO certification, ISO conformity assessment, ISO education and provide training and management consultancy activities.
4. Provision of conformity assessment technology business segment provides database hosting for the Combined Group’s cloud-based applications.

Management does not monitor the operating results of the segment separately as the contribution of trading, certification, and provision of conformity assessment technology segments to the Combined Group are less than 5% respectively. Accordingly, the results of business segments are not presented separately.

**Geographical information**

During the financial years ended 31 December 2019, 2020 and 2021, the Combined Group operated mainly in Malaysia and all non-current assets were located in Malaysia. Accordingly, an analysis of non-current assets and revenue of the Combined Group by geographical distribution has not been presented.

**Major customers**

The Combined Group is not reliant on any individual or corporate customer for its revenue and no one single customer accounted for 10% or more of the Combined Group’s total revenue for each of the reporting period.

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**30. Financial instruments, financial risks and capital management**

The Combined Group’s activities expose it to credit risk, market risks (including interest rate risk) and liquidity risk arising in the ordinary course of business. The Combined Group is not materially exposed to foreign currency risk as most of its transactions are carried out in Malaysian Ringgit. The Combined Group’s overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Combined Group’s financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Combined Group. The Combined Group’s management then establishes the detailed process as risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Combined Group’s exposure to these financial risks or the manner in which the risks are managed and measured. The Combined Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchanges rates.

**30.1 Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Combined Group. The Combined Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Combined Group performs ongoing credit evaluation of its counterparties’ financial condition and generally do not require collaterals.

The Combined Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amounts of financial assets recorded in the combined financial statements, grossed up for any allowances for losses, represents the Combined Group’s maximum exposure to credit risks. The Combined Group does not hold any collateral.

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Combined Group.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired are provided in Note 9 to the financial statements.

As at 31 December 2019, 2020 and 2021, the Combined Group’s bank balances and financial assets at FVTPL are held with banks and financial institution counterparties, which are rated A3 or P-2, based on Moody’s ratings.

The Board of Directors monitors the credit rating on regular basis and considers that its cash and bank balances and financial assets at FVTPL have low credit risk based on the external credit ratings of the counterparties. The cash and bank balances are measured based on 12-month credit loss model and subject to immaterial credit loss.

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**30. Financial instruments, financial risks and capital management (Continued)**

**30.2 Liquidity risk**

Liquidity risk refers to the risk in which the Combined Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Combined Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Combined Group maintains sufficient levels of cash to meet its working capital requirements.

The following tables detail the Combined Group’s remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on undiscounted cash flows of financial instruments based in the earlier of the contractual date or when the Combined Group is expected to pay.

	Within one financial year RM	After one financial year but within five financial year RM	More than five financial years RM	Total RM
<b>2019</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding deferred grant income and sales and service tax)	448,488	–	–	448,488
Bank borrowings	2,405,302	–	–	2,405,302
Lease liabilities	421,476	1,325,390	1,405,120	3,151,986
	<u>3,275,266</u>	<u>1,325,390</u>	<u>1,405,120</u>	<u>6,005,776</u>
<b>2020</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding deferred grant income and sales and service tax)	1,163,729	–	–	1,163,729
Bank borrowings	2,283,456	–	–	2,283,456
Lease liabilities	435,791	1,437,370	1,267,946	3,141,107
	<u>3,882,976</u>	<u>1,437,370</u>	<u>1,267,946</u>	<u>6,588,292</u>
<b>2021</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding deferred grant income and sales and service)	926,683	–	–	926,683
Bank borrowings	2,130,565	–	–	2,130,565
Lease liabilities	381,103	1,403,034	920,939	2,705,076
	<u>3,438,351</u>	<u>1,403,034</u>	<u>920,939</u>	<u>5,762,324</u>

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**30. Financial instruments, financial risks and capital management (Continued)**

**30.3 Interest rate risk**

The Combined Group’s exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as shown in Note 17 to the combined financial statements.

The Combined Group’s results are affected in interest rates due to the impact of such changes on interest expenses from interest-bearing borrowings which are floating interest rates. It is the Combined Group’s policy to obtain quotes from reputable banks to ensure that the most favourable rates are available to the Combined Group.

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of each reporting period, with all variables held constant.

If the interest rate increases or decreases by 0.5%, the Combined Group’s profit or loss will decrease or increase by:

	<b>(Increase)/Decrease Profit or Loss</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Bank borrowings	11,536	11,031	10,346
	11,536	11,031	10,346

**30.4 Capital management policies and objectives**

The Combined Group manages capital to ensure that it is able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders’ value.

Management reviews the capital structure to ensure that the Combined Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows.

Overall strategy remains unchanged during the financial years ended 31 December 2019, 2020 and 2021.

The Combined Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debts. The Combined Group’s net debt includes trade and other payables (excluding deferred grant income), bank borrowings and lease liabilities less cash and bank balances. Equity attributable to the owners of the Combined Group comprises share capital, reserves and retained earnings.

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**30. Financial instruments, financial risks and capital management (Continued)**

**30.4 Capital management policies and objectives (Continued)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade and other payables	738,115	1,491,802	1,572,043
Bank borrowings	2,307,235	2,206,260	2,069,161
Lease liabilities	2,346,996	2,391,418	2,108,963
Less: Cash and bank balances	(602,148)	(734,113)	(1,106,126)
Net debt	4,790,198	5,355,367	4,644,041
Total equity	11,084,530	15,858,634	14,306,458
Total capital	15,874,728	21,214,001	18,950,499
Gearing ratio	30%	25%	25%

The Combined Group did not have externally imposed capital requirements for the financial years ended 31 December 2019, 2020 and 2021.

**30.5 Fair value of financial assets and financial liabilities**

The fair value 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 are determined in accordance with generally pricing models based on discounted cash flow analysis.

*Fair value hierarchy*

The Combined Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 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).

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**30. Financial instruments, financial risks and capital management (Continued)**

**30.5 Fair value of financial assets and financial liabilities (Continued)**

*Fair value of financial instruments carried at fair value*

The fair value of financial asset carried at fair value in relation to financial asset at FVTPL is disclosed in Note 10 to the combined financial statements.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM
<b>2019</b>			
Financial assets at FVTPL	4,782,750	–	–
<b>2020</b>			
Financial assets at FVTPL	10,050,382	–	–
<b>2021</b>			
Financial assets at FVTPL	7,211,890	–	–

There were no transfers between levels during the financial years ended 31 December 2019, 2020 and 2021 and no changes in the valuation techniques of the various classes of financial assets and financial liabilities.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values.

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of the bank borrowings approximate their fair values as they are subjected to floating interest rates.

**30.6 Categories of financial instruments**

The following table sets out the financial instruments as at the end of the respective reporting period:

	2019 RM	2020 RM	2021 RM
<b>Financial assets</b>			
At amortised cost	3,305,123	3,443,970	3,762,138
At FVTPL	4,782,750	10,050,382	7,211,890
	<u>8,087,873</u>	<u>13,494,352</u>	<u>10,974,028</u>
<b>Financial liabilities</b>			
At amortised cost	5,102,719	5,761,407	5,104,807



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**31. Events after the reporting period**

**31.1 Changes in share constitution**

Pursuant to the shareholders’ resolutions passed by the shareholders on 15 November 2022, the shareholders approved, inter alia, the following:

- (a) adoption of the new Constitution;
- (b) the allotment and issuance of 50,635 ordinary shares in the share capital of the Company pursuant to the restructuring exercise;
- (c) the share split was effected and the Company’s 51,385 ordinary shares were sub-divided into 72,560,000 ordinary shares . Pursuant to the share split, the issued and paid-up share capital of the Company became \$51,385, comprising 72,560,000 ordinary shares;
- (d) the allotment and issuance of the placement shares which are subject of the placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued ordinary shares;
- (e) the approval of the listing and quotation of all the issued ordinary shares (including the placement shares to be issued and allotted pursuant to the placement, performance shares and option shares) to be issued (if any) on Catalist;
- (f) the adoption of the performance share plan of the Company;
- (g) the adoption of the share option scheme of the Company;
- (h) the authorisation for the directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to 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:
  - (A) (i) issue (in addition to the placement shares) ordinary shares whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options (collectively “Instruments”) that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into ordinary shares;

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**31. Events after the reporting period (Continued)**

**31.1 Changes in share constitution (Continued)**

- (h) the authorisation for the directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to 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: (Continued)
- (B) notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such ordinary shares, issue new ordinary shares in pursuance of any Instruments made or granted by the directors while this authorisation was in force or additional Instruments arising from adjustments made to Instruments made or granted by the Directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that:
- (1) the aggregate number of new ordinary shares (including ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance to sub-paragraph (2) below), of which the aggregate number of ordinary shares to be issued (including ordinary shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders shall not exceed 50.0% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
  - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of ordinary shares (including ordinary shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of ordinary shares that may be issued shall be based on the post-placement issued share capital of the Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new ordinary shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new ordinary shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of ordinary shares;
  - (3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
  - (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

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**31. Events after the reporting period (Continued)**

**31.1 Changes in share constitution (Continued)**

- (i) without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue ordinary shares set out in paragraph (i) above, authorisation of the directors, pursuant to Section 161 of the Companies Act, to issue ordinary shares other than on a pro rata basis, at a discount of not more than 10.0% to the weighted average price of the ordinary shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on trades done on the preceding market day up to the time the placement or subscription agreement is signed), 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, provided that (unless revoked or varied by the Company in general meeting) the authority so conferred in this paragraph (i) 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 earlier.

**31.2 Recovery from COVID-19**

Global economic conditions are expected to continue recovering, aided by the progressive roll-out of mass vaccination programmes. However, ongoing concerns and uncertainties amid the fluidity of the COVID-19 situation worldwide remain a significant downside risk. In Malaysia, near-term growth will be impacted by existing containment measures implemented to curb the spread of COVID-19. Nevertheless, the domestic economy is projected to gradually improve in the longer-term, supported by the recovery in global demand as well as monetary and fiscal measures.

The Combined Group maintains a cautious stance on the near-term prospects of the commercial laboratory industry. The outlook for the industry remains uncertain. While the regional and local market has continued to register favorable recovery, challenges will persist in the coming year given the negative impact of the pandemic affecting our customers.

These unprecedented challenges will not deter us from carrying out the Group’s long term business strategies that will also help to expand our footprint into regional economies.

If the current COVID-19 situation prolongs, we will re-assess the scheduled timelines to meet the challenges ahead. The Group will continue to take proactive measures to optimise productivity and improve operational efficiency to manage this challenging operating environment. We will also assess any good business opportunities that may arise from this new normal that could complement existing businesses or provide new growth for the Group.

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**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND  
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OF LMS COMPLIANCE LTD. AND ITS SUBSIDIARIES FOR THE FINANCIAL PERIOD  
FROM 1 JANUARY 2022 TO 31 MARCH 2022**

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**LMS COMPLIANCE LTD.  
and its subsidiaries**

Independent Auditor’s Review Report And  
Unaudited Interim Condensed Combined Financial Statements  
For the financial period from 1 January 2022 to 31 March 2022

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**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND  
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FROM 1 JANUARY 2022 TO 31 MARCH 2022**

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**UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2022**

**STATEMENT BY DIRECTORS**

We, Ooi Shu Geok and Chong Moi Me, being two of the directors of LMS Compliance Ltd. (the “Company”), do hereby state that, in the opinion of the Board of Directors, to the best of their knowledge, nothing has come to their attention which may render the accompanying unaudited interim condensed combined financial statements together with notes thereto are drawn up with the Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the financial period from 1 January 2022 to 31 March 2022 to be false or misleading.

On behalf of the Board of Directors

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**Ooi Shu Geok**  
Director

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**Chong Moi Me**  
Director

22 November 2022

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**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND  
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**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE UNAUDITED INTERIM  
CONDENSED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2022**

22 November 2022

The Board of Directors  
LMS Compliance Ltd.  
138 Robinson Road  
#26-03  
Singapore 068906

**Report on the review of unaudited interim condensed combined financial statements**

*Introduction*

We have reviewed the accompanying unaudited interim condensed combined financial statements of LMS Compliance Ltd. (the “Company”) and its subsidiaries (the “Group”), which comprise the unaudited interim condensed combined statement of financial position of the Group as at 31 March 2022, and the related unaudited interim condensed combined statements of comprehensive income, changes in equity and cash flows of the Group for the financial period from 1 January 2022 to 31 March 2022, and selected explanatory notes, as set out on pages B-5 to B-39. Management is responsible for the preparation and fair presentation of the unaudited interim condensed combined financial statements in accordance with the Singapore Financial Reporting Standards (International) 1-34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on the unaudited interim condensed combined financial statements based on our review.

*Scope of review*

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed combined financial statements is not prepared, in all material respects, in accordance with Singapore Financial Reporting Standards (International) 1-34, *Interim Financial Reporting*.

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**INDEPENDENT AUDITOR’S REVIEW REPORT ON THE UNAUDITED INTERIM  
CONDENSED COMBINED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2022 (Continued)**

**Report on the review of unaudited interim condensed combined financial statements (Continued)**

*Restriction on distribution and use*

This report is made solely to you as a body and for the inclusion in the Offer Document to be issued in relation to the proposed offering of the shares of the Company in connection with the Company’s listing on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited.

**BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore

Yeo Siok Yong  
Partner-in-charge

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022**

	Note	31 December 2021 (Audited) RM	31 March 2022 (Unaudited) RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	7,327,753	7,306,149
Right-of-use assets	6	1,938,086	1,870,809
Goodwill	7	–	–
		<u>9,265,839</u>	<u>9,176,958</u>
<b>Current assets</b>			
Trade and other receivables	8	2,656,012	3,034,094
Prepayments		743,499	1,134,942
Financial assets at fair value through profit or loss ('FVTPL')	9	7,211,890	7,373,641
Cash and bank balances	10	1,106,126	1,124,444
		<u>11,717,527</u>	<u>12,667,121</u>
<b>Total assets</b>		<u>20,983,366</u>	<u>21,844,079</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	2,325,000	2,325,000
Reserves	12	11,741	11,426
Retained earnings		11,969,717	13,406,602
<b>Total equity</b>		<u>14,306,458</u>	<u>15,743,028</u>
<b>Non-current liabilities:</b>			
Other payables	13	227,234	217,766
Lease liabilities	14	1,863,719	1,804,418
Deferred tax liabilities	15	319,800	333,700
		<u>2,410,753</u>	<u>2,355,884</u>
<b>Current liabilities:</b>			
Trade and other payables	13	1,609,915	1,237,637
Bank borrowings	16	2,069,161	2,031,166
Lease liabilities	14	245,244	235,813
Contract liabilities	17(a)	246,268	236,680
Income tax payables		95,567	3,871
		<u>4,266,155</u>	<u>3,745,167</u>
<b>Total liabilities</b>		<u>6,676,908</u>	<u>6,101,051</u>
<b>Total equity and liabilities</b>		<u>20,983,366</u>	<u>21,844,079</u>



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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2022**

	Note	1 January 2021 to 31 March 2021 (Unaudited) RM	1 January 2022 to 31 March 2022 (Unaudited) RM
Revenue	17	4,003,356	4,419,290
<b>Other item of income</b>			
Other income	18	44,053	143,645
<b>Items of expense</b>			
Materials, consumables and subcontractor costs		(359,747)	(445,774)
Depreciation expenses	19	(205,524)	(255,918)
Loss allowance on receivables, net	8	(5,832)	(22,143)
Employee benefits expense	20	(1,615,044)	(1,511,536)
Other expenses		(395,000)	(476,956)
Finance costs	21	(57,286)	(51,156)
<b>Profit before income tax</b>	22	1,408,976	1,799,452
Income tax expense	23	(323,800)	(362,567)
<b>Profit for the financial period</b>		1,085,176	1,436,885
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operation		(443)	(315)
<b>Other comprehensive income for the financial period, net of tax</b>		(443)	(315)
<b>Total comprehensive income attributable to owners</b>		1,084,733	1,436,570
Earnings per share			
- Basic and diluted (sen)	24	1.50	1.98

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2022**

Note	Share capital RM	Retained earnings RM	Foreign currency translation reserve RM	Merger reserve RM	Total equity RM
<b>(Unaudited)</b>					
Balance as at 1 January 2021	2,325,000	13,521,500	57	12,077	15,858,634
Profit for the financial period	–	1,085,176	–	–	1,085,176
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operation, representing other comprehensive income for the financial period	–	–	(443)	–	(443)
Total comprehensive income for the financial period	–	1,085,176	(443)	–	1,084,733
Balance at 31 March 2021	<u>2,325,000</u>	<u>14,606,676</u>	<u>(386)</u>	<u>12,077</u>	<u>16,943,367</u>
<b>(Unaudited)</b>					
Balance as at 1 January 2022	2,325,000	11,969,717	(336)	12,077	14,306,458
Profit for the financial period	–	1,436,885	–	–	1,436,885
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operation, representing other comprehensive income for the financial period	–	–	(315)	–	(315)
Total comprehensive income for the financial period	–	1,436,885	(315)	–	1,436,570
Balance as at 31 March 2022	<u>2,325,000</u>	<u>13,406,602</u>	<u>(651)</u>	<u>12,077</u>	<u>15,743,028</u>

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2022**

	1 January 2021 to 31 March 2021 (Unaudited) RM	1 January 2022 to 31 March 2022 (Unaudited) RM
<b>Cash flows from operating activities</b>		
Profit before income tax	1,408,976	1,799,452
Adjustments for :		
Depreciation of property, plant and equipment	138,247	188,641
Depreciation of right-of-use assets	67,277	67,277
Loss allowance on receivables, net	5,832	22,143
Property, plant and equipment written off	–	5,487
Fair value gain on financial assets at FVTPL	–	(19,578)
Interest expense	57,286	51,156
Interest income	(34,585)	(2,280)
Operating profit before changes in working capital	1,643,033	2,112,298
Changes in working capital		
Trade and other receivables	189,938	(400,541)
Prepayments	(73,061)	(391,443)
Trade and other payables	(412,017)	(381,746)
Contract liabilities	(3,075)	(9,588)
Cash generated from operations	1,344,818	928,980
Income tax paid	(346,713)	(440,363)
Net cash from operating activities	998,105	488,617
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(121,793)	(172,524)
Interest income	8	29
Placements of financial assets at FVTPL	(1,450,000)	(390,000)
Redemption of financial assets at FVTPL	770,000	250,078
Net cash used in investing activities	(801,785)	(312,417)
<b>Cash flows from financing activities</b>		
Repayment of principal portion of bank borrowings (Note A)	(36,245)	(37,994)
Repayment of interest portion of bank borrowings (Note A)	(17,330)	(15,580)
Repayment of principal portion of lease liabilities	(68,994)	(68,732)
Repayment of interest portion of lease liabilities	(39,956)	(35,576)
Net cash used in financing activities	(162,525)	(157,882)
<b>Net changes in cash and bank balances</b>	33,795	18,318
<b>Cash and bank balances at beginning of financial period</b>	734,113	1,106,126
<b>Cash and bank balances at end of financial period</b>	767,908	1,124,444

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**UNAUDITED INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2022 TO 31 MARCH 2022 (Continued)**

**Note A: Reconciliation of liabilities arising from financing activities**

	1 January 2021 RM	Cash flows RM	Non-cash changes Accretion of interest RM	31 March 2021 RM
Bank borrowings	2,206,260	(53,574)	17,330	2,170,016

	1 January 2022 RM	Cash flows RM	Non-cash changes Accretion of interest RM	31 March 2022 RM
Bank borrowings	2,069,161	(53,575)	15,580	2,031,166

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

These unaudited interim condensed combined financial statements have been prepared for inclusion in the offer document of LMS Compliance Ltd. (the “Company”) and its subsidiaries (the “Combined Group”) and were authorised for issue by the Directors of the Company on 22 November 2022.

**1. General corporate information**

**1.1 Domicile and activities**

The Company is a private limited liability company, incorporated and domiciled in Singapore with its registered office at 138 Robinson Road, #26-03, Singapore 068906 and principal place of business at 16, Lengkok Kikik Satu, Taman Inderawasih, 13600 Perai, Pulau Pinang. On 18 November 2022, the Company was converted into a public company limited by shares and its name was changed from LMS Compliance Pte. Ltd. to LMS Compliance Ltd.. The Combined Group’s ultimate controlling party is Ooi Shu Geok and Chong Moi Me.

These unaudited interim condensed combined financial statements have been prepared solely in connection with the proposed listing of the Company on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activity of the Company is investment holding company.

The Company has the following subsidiaries subsequent to the restructuring exercise as disclosed in the audited combined financial statements for the financial years ended 31 December 2019, 2020 and 2021. The principal activities of the subsidiaries are set out in the table below:

Name of company	Principal place of business	Principal activities	Effective equity interest	
			31 March 2021 %	31 March 2022 %
My CO2 Sdn. Bhd.	Penang, Malaysia	HQ functions, software and online application development	100	100
My CO2 Certification Sdn. Bhd.	Penang, Malaysia	ISO Certification, assessment, education and training services	100	100
LMS Compliance International Pte. Ltd. (formerly know as My CO2 Certification Pte. Ltd.)	Singapore	Dormant	100	100
Empiric Science Sdn. Bhd.	Penang, Malaysia	Trading of scientific instrument, chemical, media and laboratory solutions. Promote and market software and online applications	100	100
My CO2 (PG) Sdn. Bhd.	Penang, Malaysia	Accredited laboratory providing testing services	100	100
My CO2 (KL) Sdn. Bhd.	Selangor, Malaysia	Accredited laboratory providing testing services	100	100
My CO2 (JB) Sdn. Bhd.	Johor, Malaysia	Accredited laboratory providing testing services	100	100
My CO2 Group Sdn. Bhd.	Penang, Malaysia	Investment holding company	–	–

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**2. Basis of preparation of interim condensed combined financial statements**

The unaudited interim condensed combined financial statements have been prepared for the financial period from 1 January 2022 to 31 March 2022 in accordance with Singapore Financial Reporting Standard (International) 1-34, *Interim Financial Reporting* (“SFRS(I) 1-34”).

The unaudited interim condensed combined financial statements do not include the information and full disclosures normally included in a complete set of financial statements and should be read in conjunction with the audited combined financial statements for the financial years ended 31 December 2019, 2020 and 2021.

Items included in the combined financial statements of the Combined Group are measured using the currency of the primary economic environment in which the entities operate (“functional currency”). The unaudited interim condensed combined financial statements are presented in Malaysian ringgit (“RM”) which is the functional currency and presentation currency of the Company. The combined financial statements are expressed in RM.

**3. Summary of significant accounting policies**

The unaudited combined financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies in the audited combined financial statements for the financial years ended 31 December 2019, 2020 and 2021.

The accounting policies and methods of computation used in the unaudited interim condensed combined financial statements are consistent with those applied in the audited combined financial statements for the financial years ended 31 December 2019, 2020 and 2021. These accounting policies are set out in Note 3 to the audited combined financial statements for the financial years ended 31 December 2019, 2020 and 2021. In the current financial period, the Combined Group has adopted all the new and revised SFRS(I) that are relevant to its operations and effective for financial periods beginning on or after 1 January 2022. The adoption of these new or revised SFRS(I) did not result in changes to the Combined Group’s accounting policies and has no material effect on the amounts reported for the current or prior period’s unaudited interim condensed combined financial statements and is not expected to have material effect on future periods.

The Combined Group has not early adopted any standard or amendment that has been issued but is not yet effective.

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**4. Critical accounting judgements and key sources of estimation uncertainty**

**4.1 Critical judgements made in applying the accounting policies**

In the process of applying the accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

**4.2 Key sources of estimation uncertainty**

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

(i) Loss allowance for receivables

Management determines the expected loss arising from default for trade receivables, by categorising them based on its historical loss pattern, historical payment profile as well as credit risk profile of the customer. The carrying amounts of the Combined Group’s trade and other receivables as at 31 December 2021 and 31 March 2022 were RM2,656,012 and RM3,034,094 respectively. Notwithstanding the above, the Combined Group evaluates the expected credit loss on customers in financial difficulties separately. Specific allowance for impairment of trade receivables was made for those customers identified in financial difficulties during the financial period. Loss allowance of receivables of RM129,497 and RM151,640 were recognised as at 31 December 2021 and 31 March 2022 respectively. Additional loss allowance on receivables of RM5,832 and RM22,143 were recognised in profit or loss for financial period from 1 January 2021 to 31 March 2021 and financial period from 1 January 2022 to 31 March 2022 respectively.

(ii) Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Combined Group has determined the discount rate by reference to the respective lessee’s incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Combined Group obtains the relevant market interest rate after considering the financial position of the lessees as well as the term of the lease. Management considers its own credit spread information from industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The average incremental borrowing rate applied to lease liabilities as at 31 December 2021 and 31 March 2022 was 4.97% and 5.35% respectively. The carrying amount of lease liabilities of the Combined Group as at 31 December 2021 and 31 March 2022 was RM2,108,963 and RM2,040,231 respectively. If the borrowing rate had been 0.5% higher or lower than management’s estimates, the Combined Group’s lease liabilities would have been lower or higher by RM54,631 for reporting periods ended 31 December 2021 and 31 March 2022.

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**5. Property, plant and equipment**

<b>(Audited) Cost</b>	<b>Computer equipment RM</b>	<b>Freehold land &amp; building RM</b>	<b>Motor vehicles RM</b>	<b>Office equipment RM</b>	<b>Tools and equipment RM</b>	<b>Renovation RM</b>	<b>Construction work-in progress RM</b>	<b>Total RM</b>
Balance at 1 January 2021	357,562	4,393,830	409,574	643,687	2,357,957	1,131,496	458,311	9,752,417
Additions	18,706	-	169,232	4,330	306,058	18,975	192,720	710,021
Written off	(840)	-	-	(32,876)	-	-	-	(33,716)
Disposal	-	-	(51,405)	-	-	-	-	(51,405)
Reclassification	-	-	-	95,315	-	535,196	(630,511)	-
Balance at 31 December 2021	375,428	4,393,830	527,401	710,456	2,664,015	1,685,667	20,520	10,377,317
<b>Accumulated depreciation and impairment loss</b>								
Balance at 1 January 2021	134,657	134,901	218,209	386,130	727,937	849,278	-	2,451,112
Depreciation for the financial year	53,518	29,760	72,291	66,629	285,344	143,280	-	650,822
Written off	(658)	-	-	(25,631)	-	-	-	(26,289)
Disposal	-	-	(51,403)	-	-	-	-	(51,403)
Impairment loss	-	-	25,322	-	-	-	-	25,322
Balance at 31 December 2021	187,517	164,661	264,419	427,128	1,013,281	992,558	-	3,049,564
<b>Net carrying amount</b>								
Balance at 31 December 2021	187,911	4,229,169	262,982	283,328	1,650,734	693,109	20,520	7,327,753



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**5. Property, plant and equipment (Continued)**

	Computer equipment RM	Freehold land & building RM	Motor vehicles RM	Office equipment RM	Tools and equipment RM	Renovation RM	Construction work-in progress RM	Total RM
<b>(Unaudited)</b>								
<b>Cost</b>								
Balance at 1 January 2022	375,428	4,393,830	527,401	710,456	2,664,015	1,685,667	20,520	10,377,317
Additions	–	–	80,286	–	3,292	18,242	70,704	172,524
Written off	(57,293)	–	(88,744)	–	(2,532)	–	–	(148,569)
Balance at 31 March 2022	318,135	4,393,830	518,943	710,456	2,664,775	1,703,909	91,224	10,401,272
<b>Accumulated depreciation</b>								
Balance at 1 January 2022	187,517	164,661	264,419	427,128	1,013,281	992,558	–	3,049,564
Depreciation for the financial period	13,080	7,440	22,073	18,640	76,878	50,530	–	188,641
Written off	(52,313)	–	(88,743)	–	(2,026)	–	–	(143,082)
Balance at 31 March 2022	148,284	172,101	197,749	445,768	1,088,133	1,043,088	–	3,095,123
<b>Net carrying amount</b>								
Balance at 31 March 2022	169,851	4,221,729	321,194	264,688	1,576,642	660,821	91,224	7,306,149

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**5. Property, plant and equipment (Continued)**

As at 31 December 2021, the Combined Group carried out a review of the recoverable amount of its property, plant and equipment with indications of impairment arising from the natural disaster that took place during the financial year which resulted in irreversible damage to the motor vehicles. A full impairment loss was provided for the affected motor vehicles.

The Combined Group had a motor vehicle with carrying value of RM28,845 and RM25,239 as at 31 December 2021 and 31 March 2022 respectively, registered in the name of one of the Directors, and which is held in trust by said Director. On 1 August 2022, the trust arrangement has been revoked, following which the Combined Group holds the motor vehicle directly through My CO2.

As at the end of the respective reporting period, the carrying amount of the Combined Group’s property, plant and equipment which have been pledged for the banking facilities as set out in Note 16 to the interim condensed combined financial statements was as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Freehold land	2,350,511	2,350,511
Building	996,677	990,801
	<u>3,347,188</u>	<u>3,341,312</u>

**6. Right-of-use assets**

	<b>Balance at 1 January 2021 RM</b>	<b>Depreciation for the financial year RM</b>	<b>Balance at 31 December 2021 RM</b>
<b>(Audited)</b>			
Motor vehicles	36,497	(18,248)	18,249
Office premises	2,170,694	(250,857)	1,919,837
	<u>2,207,191</u>	<u>(269,105)</u>	<u>1,938,086</u>
	<b>Balance at 1 January 2022 RM</b>	<b>Depreciation for the financial period RM</b>	<b>Balance at 31 March 2022 RM</b>
<b>(Unaudited)</b>			
Motor vehicles	18,249	(4,563)	13,686
Office premises	1,919,837	(62,714)	1,857,123
	<u>1,938,086</u>	<u>(67,277)</u>	<u>1,870,809</u>

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**6. Right-of-use assets** (Continued)

The carrying amount of the Combined Group’s motor vehicles amounted to RM18,249 and RM13,686 as at 31 December 2021 and 31 March 2022 respectively were acquired under finance lease arrangements. The assets will be seized and returned to lessor in the event of the default by the Combined Group.

The Combined Group had a motor vehicle with carrying value of RMNil and RMNil as at 31 December 2021 and 31 March 2022, which was secured over the lease liability registered in the name of one of the Directors of RM17,944 and RM4,486 as at 31 December 2021 and 31 March 2022 respectively, and which asset is held in trust by the Director. On 1 August 2022, the trust arrangement has been revoked, following which the Combined Group holds the motor vehicle directly through My CO2.

**7. Goodwill**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
<b>Cost</b>		
Balance at beginning and end of financial year/period	42,112	42,112
<b>Accumulated impairment loss</b>		
Balance at beginning and end of financial year/period	42,112	42,112
<b>Net carrying amount</b>		
Balance at end of financial year/period	–	–

The goodwill arose from the acquisition of the remaining 60% equity interest in My CO2 Certification Sdn Bhd and LMS Compliance International Pte Ltd (formerly known as My CO2 Certification Pte Ltd), former associates.

The Combined Group recognised full impairment to goodwill arising from the review carried out on the recoverable amount on goodwill of both entities in previous financial period. The recoverable amount of the goodwill was determined based on their fair value less cost of disposal (“FVLCOD”) for the financial year ended 31 December 2020. This fair value measurement is categorised as a Level 3 in the fair value hierarchy based on the inputs used.

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**8. Trade and other receivables**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Trade receivables		
- Third parties	2,649,698	3,022,195
Less: Loss allowance on receivables	(129,497)	(151,640)
	2,520,201	2,870,555
Other receivables		
- Third parties	54,256	95,143
- Directors	309	1,611
	54,565	96,754
Deposits	81,246	66,785
	135,811	163,539
	2,656,012	3,034,094

Trade receivables are non-interest bearing and the normal credit term granted by the Combined Group ranges from 30 days to 90 days.

The non-trade amounts due from third parties and Directors are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

The Combined Group determined, by reference to past default experience and expected credit losses (“ECL”), which incorporate forward looking estimates. In calculating the ECL rates, the Combined Group considers historical loss rates for each ageing bracket of customers and adjust for forward looking macroeconomic data that may affect the ability of the debtors to settle receivables.

The Combined Group recognises lifetime ECL for trade receivables based on individually significant customers or the ageing of customers collectively that are not individually significant. At the reporting period, the analysis of trade receivables and the carrying amount of allowances for impairment loss are as follows:

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**8. Trade and other receivables (Continued)**

	ECL weightage	Gross carrying amount RM	Loss allowance on receivables RM	Net carrying amount RM
<b>31 December 2021 (Audited)</b>				
Not past due	0.01%	1,166,552	(139)	1,166,413
Past due 1 – 30 days	0.02%	745,268	(168)	745,100
Past due 31 – 60 days	0.03%	343,036	(93)	342,943
Past due over 60 days	32.70%	394,842	(129,097)	265,745
		<u>2,649,698</u>	<u>(129,497)</u>	<u>2,520,201</u>
<b>31 March 2022 (Unaudited)</b>				
Not past due	0.00%	1,571,799	–	1,571,799
Past due 1 – 30 days	0.00%	663,643	–	663,643
Past due 31 – 60 days	0.00%	317,582	–	317,582
Past due over 60 days	32.32%	469,171	(151,640)	317,531
		<u>3,022,195</u>	<u>(151,640)</u>	<u>2,870,555</u>

Movement in loss allowance on receivables was as follows:

	31 December 2021 (Audited) RM	31 March 2022 (Unaudited) RM
<i>Other customers collectively assessed</i>		
Balance at beginning at financial year/period	74,382	129,497
Loss allowance on receivables	55,115	22,143
Balance at end of financial year/period	<u>129,497</u>	<u>151,640</u>

There is no third party trade receivable written off for the financial period from 1 January 2022 to 31 March 2022 and financial period from 1 January 2021 to 31 March 2021.

The currency profiles of trade and other receivables as at the end of the respective reporting periods are as follows:

	31 December 2021 (Audited) RM	31 March 2022 (Unaudited) RM
Malaysian Ringgit	2,626,576	3,034,094
Singapore dollar	29,436	–
	<u>2,656,012</u>	<u>3,034,094</u>

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**9. Financial assets at fair value through profit or loss (“FVTPL”)**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
<b><u>Money market funds</u></b>		
Balance at beginning of financial year/period	10,050,382	7,211,890
Placements during the financial year/period	5,630,000	390,000
Redemptions during the financial year/period	(8,661,092)	(250,078)
Interest income	224,472	2,251
Fair value (loss)/gain recognised through profit or loss	(31,872)	19,578
Balance at end of financial year/period	<u>7,211,890</u>	<u>7,373,641</u>

Financial assets at FVTPL are investments in money market funds on highly liquid investment. The Combined Group intends to hold these investments for managing free cash flow and optimising working capital so as to provide a steady stream of income returns. The investments in quoted securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial period.

The currency profile of the Combined Group’s financial asset at FVTPL as at the end of the reporting periods is Malaysian Ringgit.

**10. Cash and bank balances**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Cash on hand	9,150	8,800
Cash at bank	1,096,976	1,115,644
	<u>1,106,126</u>	<u>1,124,444</u>

The currency profiles of cash and bank balances as at the end of the respective reporting periods are as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Malaysian Ringgit	933,119	1,002,291
Singapore dollar	119,720	67,495
United States dollar	53,287	54,658
	<u>1,106,126</u>	<u>1,124,444</u>

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**11. Share capital**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Issued and fully-paid ordinary share capital of:		
- My CO2 Sdn Bhd	1,635,000	1,635,000
- My CO2 (JB) Sdn Bhd	100,000	100,000
- My CO2 (KL) Sdn Bhd	205,000	205,000
- My CO2 (PG) Sdn Bhd	200,000	200,000
- Empiric Science Sdn Bhd	105,000	105,000
- My CO2 Certification Sdn Bhd	80,000	80,000
	<u>2,325,000</u>	<u>2,325,000</u>

As the Company was incorporated only on 22 July 2022, for the purpose of these combined financial statements, the share capital at 31 December 2021 and 31 March 2022 represents the aggregation of the Combined Group’s interest in the issued and paid-up capital of all its subsidiaries.

The holders of ordinary shares are entitled to receive dividends as and when declared by the subsidiaries. All ordinary shares have no par value and carry one vote per ordinary share without restriction.

**12. Reserves**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Merger reserve	12,077	12,077
Foreign currency translation reserve	(336)	(651)
	<u>11,741</u>	<u>11,426</u>

The merger reserve relates to the contribution by the controlling parties to the Combined Group.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Combined Group’s presentation currency and is non-distributable. Movement in this account is set out in the combined statements of changes in equity.

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**13. Trade and other payables**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
<b>Non-current</b>		
Deferred grant income	227,234	217,766
<b>Current</b>		
Trade payables		
- Third parties	117,772	67,576
Other payables		
- Third parties	156,755	166,612
Accrued expenses	652,156	528,188
Deferred grant income	37,872	37,872
Sales and service tax	645,360	437,389
	<u>1,609,915</u>	<u>1,237,637</u>
	<u>1,837,149</u>	<u>1,455,403</u>

Trade payables are unsecured, non-interest bearing and are normally settled within the credit terms of 30 days to 60 days.

Deferred grant income is a government grant received from SME Corporation Malaysia for capital expenditure incurred for purchase of laboratory related equipment. Government grant is recognised as income over the periods necessary to match them with the costs for which they intended to compensate, on a systematic basis.

The currency profile of trade and other payables as at the end of the reporting periods is Malaysian ringgit.

**14. Lease liabilities**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
<b>Presented in combined statements of financial position</b>		
Non-current	1,863,719	1,804,418
Current	245,244	235,813
	<u>2,108,963</u>	<u>2,040,231</u>



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**14. Lease liabilities (Continued)**

	<b>Balance at 1 January 2021 RM</b>	<b>Lease payment RM</b>	<b>Interest expenses RM</b>	<b>Balance at 31 December 2021 RM</b>
<b>(Audited)</b>				
Motor vehicles	131,897	(88,866)	4,608	47,639
Office premises	2,259,521	(347,005)	148,808	2,061,324
	<u>2,391,418</u>	<u>(435,871)</u>	<u>153,416</u>	<u>2,108,963</u>
	<b>Balance at 1 January 2022 RM</b>	<b>Lease payment RM</b>	<b>Interest expenses RM</b>	<b>Balance at 31 March 2022 RM</b>
<b>(Unaudited)</b>				
Motor vehicles	47,639	(17,556)	529	30,612
Office premises	2,061,324	(86,752)	35,047	2,009,619
	<u>2,108,963</u>	<u>(104,308)</u>	<u>35,576</u>	<u>2,040,231</u>

The maturity analysis of lease liabilities of the Combined Group at reporting date are as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
<b>Contractual undiscounted cash flows</b>		
Not later than one financial year/period	381,103	368,028
After one financial year but within five financial years/period	1,403,034	1,398,936
More than five financial years/period	920,939	834,188
	<u>2,705,076</u>	<u>2,601,152</u>
Less: Future interest expense	(596,113)	(560,921)
Present value of lease liabilities	<u>2,108,963</u>	<u>2,040,231</u>

As at 31 March 2022, the average incremental borrowing rate applied as at 31 December 2021 and 31 March 2022 was 4.97% and 5.35% respectively. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

One of the motor vehicles acquired under finance lease arrangements by the Company is supported by a guarantee provided by a Director of the Combined Group.

Rental of tools and equipment, machinery and office equipment of the Combined Group qualifies as low value assets or short-term leases. The election of short-term leases is made by class of underlying assets with similar nature and use in the Combined Group’s operations whereas the low-value lease exemption is made on lease-by-lease basis.

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**14. Lease liabilities (Continued)**

The total cash outflows for all leases including low value and short-term leases were RM111,675 (31 December 2021: RM467,276) for the financial period ended 31 March 2022.

The currency profile of the lease liabilities as at the end of respective reporting periods is Malaysian Ringgit.

**15. Deferred tax liabilities**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Deferred tax liabilities	319,800	333,700

The movement in deferred tax position is as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Balance at beginning of financial year/period	301,500	319,800
Charge to profit or loss	18,300	13,900
Balance at end of financial year/period	319,800	333,700

Deferred tax liabilities are attributable to temporary differences arising from accelerated tax depreciation computed at Malaysian’s income tax rate of 24% (31 December 2021: 24%).

**16. Bank borrowings**

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
<b>Current</b>		
Term loan I	1,218,371	1,195,817
Term loan II	850,790	835,349
	2,069,161	2,031,166
<b>Effective interest rate per annum</b>		
Term loan	3.07% - 3.12%	3.07% - 3.12%

Term loan I and Term loan II

Both term loans are repayable over 240 monthly instalments comprising principal and interest.

The term loans are secured by freehold land and building as disclosed in Note 5 to the interim condensed combined financial statements and are supported by a guarantee provided by the Directors of the Combined Group.

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**16. Bank borrowings (Continued)**

As at 31 December 2021, one of the subsidiaries of the Combined Group was not in compliance with the dividend covenant set out in the banking facilities letters as the Combined Group did not obtain the banks’ consent prior to the dividend declaration to the shareholders.

As a result, Term loans I and II which were not scheduled for repayment within 12 months from the end of the reporting period but were classified as current liabilities as the Combined Group did not have the unconditional right at the end of reporting period to defer settlement for at least 12 months after the end of reporting period. Further details of the management of liquidity risk are set out in Note 28.2 to the interim condensed combined financial statements.

On 1 September 2022, the Combined Group obtained letter of waiver for Term loan I from one of the banks for its breach of bank covenants. On the other hand, the Combined Group made early settlement to repay its entire Term loan II voluntarily on 12 October 2022.

Term loans are arranged at floating rates, thus exposing the Combined Group to interest rate risk as set out in Note 28.3 to the interim condensed combined financial statements.

As at the end of the respective reporting period, the Combined Group has banking facilities as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2021 (Unaudited) RM</b>
Banking facilities granted	2,847,500	2,847,500
Banking facilities utilised	<u>2,847,500</u>	<u>2,847,500</u>

The currency profile of bank borrowings as at the end of the reporting period is Malaysian Ringgit.

**17. Revenue**

	<b>1 January 2021 to 31 March 2021 (Unaudited) RM</b>	<b>1 January 2022 to 31 March 2022 (Unaudited) RM</b>
<b>Type of goods or services</b>		
Laboratory testing services	3,892,479	4,265,311
Certification services	4,400	40,650
Sale of goods	106,477	75,261
Provision of conformity assessment technology	–	38,068
	<u>4,003,356</u>	<u>4,419,290</u>
<b>Timing of transfer of goods and services</b>		
Point-in-time	4,003,356	4,381,222
Over-time	–	38,068
	<u>4,003,356</u>	<u>4,419,290</u>

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**17. Revenue (Continued)**

**(a) Contract liabilities**

The information about contract liabilities from contracts with customers is disclosed as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Contract liabilities		
- Laboratory testing services	159,689	153,224
- Certification services	5,756	20,006
- Sale of goods	80,823	30,831
- Provision of conformity assessment technology	–	32,619
	<u>246,268</u>	<u>236,680</u>

Contract liabilities arises from unsatisfied performance obligations when the Combined Group issues billing to customers. This liability is recognised as revenue upon satisfaction of each performance obligation.

Change in contract liabilities is highlighted as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Balance at beginning of financial year/period	277,121	246,268
Cash received in advance of performance and not recognised as revenue	227,109	135,310
Revenue recognised that was included in the contract liabilities balance at beginning of the financial year/period	(257,962)	(144,898)
Balance at end of financial year/period	<u>246,268</u>	<u>236,680</u>

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**18. Other income**

	1 January 2021 to 31 March 2021 (Unaudited) RM	1 January 2022 to 31 March 2022 (Unaudited) RM
Government grant income	9,468	9,468
Government wage subsidy	–	112,319
Interest income	34,585	2,280
Fair value gain on financial assets at FVTPL	–	19,578
	<u>44,053</u>	<u>143,645</u>

**19. Depreciation expenses**

	1 January 2021 to 31 March 2021 (Unaudited) RM	1 January 2022 to 31 March 2022 (Unaudited) RM
Depreciation of property, plant and equipment	138,247	188,641
Depreciation of right-of-use assets	67,277	67,277
	<u>205,524</u>	<u>255,918</u>

**20. Employee benefits expense**

	1 January 2021 to 31 March 2021 (Unaudited) RM	1 January 2022 to 31 March 2022 (Unaudited) RM
Directors’ fee	75,000	75,000
Salaries, bonuses and other staff benefits	1,363,482	1,275,410
Contributions to defined contribution plans	176,562	161,126
	<u>1,615,044</u>	<u>1,511,536</u>

Included in the employee benefits expense were the remuneration of Directors as disclosed in Note 26 to the combined interim condensed financial statements.

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**21. Finance costs**

	1 January 2021 to 31 March 2021 (Unaudited) RM	1 January 2022 to 31 March 2022 (Unaudited) RM
Lease liabilities interest	39,956	35,576
Bank borrowings interest	17,330	15,580
	<u>57,286</u>	<u>51,156</u>

**22. Profit before income tax**

In addition to the charges and credits disclosed elsewhere in the notes to the interim condensed combined financial statement, the above includes the following charges:

	1 January 2021 to 31 March 2021 (Unaudited) RM	1 January 2022 to 31 March 2022 (Unaudited) RM
<i>Materials, consumables and subcontractor costs</i>		
Purchases	299,310	332,547
Outsourcing costs	47,005	59,018
Short term and low value lease expenses		
- Tools and equipment	1,934	2,083
- Machinery	1,650	–
<i>Other expenses</i>		
Property, plant and equipment written off	–	5,487
Foreign exchange loss, net	(3,611)	(109)
Professional fee	6,322	36,629
Short term and low value lease expenses		
- Office equipment	6,177	5,284
Computer & IT expenses	19,369	15,074
Courier charges and postage	9,533	6,776
Cleaning charge	9,979	10,901
Utilities	70,301	75,018
Insurance	24,961	25,263
Printing and stationery	12,365	35,475
Telephone charges	10,016	9,994
Upkeep of property, plant and equipment	50,033	50,902
Advertisement	9,888	17,741
Mileage claims	16,485	24,215
Petrol, toll and parking	14,734	21,598
Travelling and accommodation	12,219	8,370

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**23. Income tax expense**

The Combined Group calculates the financial period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed combined statements of comprehensive income are:

	<b>1 January 2021 to 31 March 2021 (Unaudited) RM</b>	<b>1 January 2022 to 31 March 2022 (Unaudited) RM</b>
Current income tax expense		
- current period	326,300	348,667
Deferred tax expenses		
- relating to origination and reversal of temporary differences	(2,500)	13,900
	<u>323,800</u>	<u>362,567</u>

**24. Earnings per share**

The calculation for earnings per share is based on:

	<b>1 January 2021 to 31 March 2021 (Unaudited) RM</b>	<b>1 January 2022 to 31 March 2022 (Unaudited) RM</b>
Profit attributable to owners of the Company	<u>1,085,176</u>	<u>1,436,885</u>
Weighted average number of ordinary shares	<u>72,560,000</u>	<u>72,560,000</u>
Earnings per share (in sen)		
- Basic and diluted	<u>1.50</u>	<u>1.98</u>

The calculations of basic earnings over share for the relevant periods are based on profit attributable to owners of the Combined Group for the financial period from 1 January 2021 to 31 March 2021 and 1 January 2022 to 31 March 2022 divided by pre-placement number of ordinary shares in relevant periods adjusted for the shares issued in the restructuring exercise and share split.

The diluted earnings per share for the relevant periods are same as the basic earnings per share as there were no dilutive potential ordinary shares for the relevant periods.

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**25. Capital commitments**

As at the end of the reporting period, commitments in respect of capital expenditure are as follows:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
Capital expenditure contracted but not provided for		
- commitments for the acquisition of property, plant and equipment	130,086	308,539

**26. Significant related party transactions**

For the purpose of these combined financial statements, parties are considered to be related to the Combined Group if the Combined Group has 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 Combined Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the information disclosed elsewhere in the combined financial statements, the following were significant related party transactions at rates and terms agreed between Group and its related parties during the financial period.

	<b>1 January 2021 to 31 March 2021 (Unaudited) RM</b>	<b>1 January 2022 to 31 March 2022 (Unaudited) RM</b>
<b>With directors of the Combined Group</b>		
Payment of expenses on behalf of the Combined Group	49,534	38,953
Payment of expenses on behalf by the Combined Group	1,000	1,300
Rental fee	73,500	73,500



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**26. Significant related party transactions (Continued)**

**Compensation of key management personnel**

Key management personnel are directors of the Combined Group and those persons having authority and responsibility for planning, directing and controlling the activities of the Combined Group directly and indirectly.

The remuneration of key management personnel of the Combined Group during the financial period from 1 January 2021 to 31 March 2021 and financial period from 1 January 2022 to 31 March 2022 were as follows:

	<b>1 January 2021 to 31 March 2021 (Unaudited) RM</b>	<b>1 January 2022 to 31 March 2022 (Unaudited) RM</b>
Directors of the Combined Group		
- Directors’ fees	48,000	48,000
- Short-term employee benefits	101,262	102,162
	<u>149,262</u>	<u>150,162</u>
Directors of subsidiaries		
- Directors’ fees	27,000	27,000
- Short-term employee benefits	136,205	115,430
	<u>163,205</u>	<u>142,430</u>

**27. Segment Information**

**Business segment**

The Combined Group has four primary business segments, which are testing and assessment segment, trading segment, certification services segment and provision of conformity assessment technology segment.

1. Testing and assessment business segment provides product safety testing and industry compliance assessment.
2. Trading business segment provides supplies in all kinds of scientific products, salts, medical and chemical preparation.
3. Certification services business segment provides ISO application, ISO certification, ISO conformity assessment, ISO education and provide training and management consultancy activities.
4. Provision of conformity assessment technology business segment provides database hosting for the Combined Group’s cloud-based applications.

Management does not monitor the operating results of the segment separately as the contribution of trading, certification, and provision of conformity assessment technology segments to the Combined Group are less than 5% respectively. Accordingly, the results of business segments are not presented separately.

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**27. Segment Information (Continued)**

**Geographical information**

During the financial periods ended 31 March 2021 and 2022, the Combined Group operated mainly in Malaysia and all non-current assets were located in Malaysia. Accordingly, an analysis of non-current assets and revenue of the Combined Group by geographical distribution has not been presented.

**Major customers**

The Combined Group is not reliant on any individual or corporate customer for its revenue and no one single customer accounted for 10% or more of the Combined Group’s total revenue for each of the reporting period.

**28. Financial instruments, financial risks and capital management**

The Combined Group’s activities expose it to credit risk, market risks (including interest rate risk) and liquidity risk arising in the ordinary course of business. The Combined Group is materially not exposed to foreign currency risk as most of its transactions are carried out in Malaysian Ringgit. The Combined Group’s overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Combined Group’s financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Combined Group. The Combined Group’s management then establishes the detailed process as risk identification and measurement, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Combined Group’s exposure to these financial risks or the manner in which the risks are managed and measured. The Combined Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchanges rates.

**28.1 Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Combined Group. The Combined Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Combined Group performs ongoing credit evaluation of its counterparties’ financial condition and generally do not require collaterals.

The Combined Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amounts of financial assets recorded in the combined financial statements, grossed up for any allowances for losses, represent the Combined Group’s maximum exposure to credit risks. The Combined Group does not hold any collateral.

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**28. Financial instruments, financial risks and capital management (Continued)**

**28.1 Credit risk (Continued)**

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Combined Group.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired are provided in Note 8 to the financial statements.

As at 31 March 2021 and 2022, the Combined Group’s bank balances and financial assets at FVTPL are held with banks and financial institution counterparties, which are rated A3 or P-2, based on Moody’s ratings.

The Board of Directors monitors the credit rating on regular basis and considers that its cash and bank balances and financial assets at FVTPL have low credit risk based on the external credit ratings of the counterparties. The cash and bank balances are measured based on 12-month credit loss model and subject to immaterial credit loss.

**28.2 Liquidity risk**

Liquidity risk refers to the risk in which the Combined Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Combined Group actively manages its operating cash flows so as to ensure that all payment needs are met. As part of its overall prudent liquidity management, the Combined Group maintains sufficient levels of cash to meet its working capital requirements.

The following tables detail the Combined Group’s remaining contractual maturity for its non-derivative financial instruments. 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 Combined Group is expected to pay.

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**28. Financial instruments, financial risks and capital management (Continued)**

**28.2 Liquidity risk (Continued)**

	Within one financial year RM	After one financial year but within five financial years RM	More than five financial years RM	Total RM
<b>31 December 2021 (Audited)</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding deferred grant income and sales and service)	926,683	–	–	926,683
Bank borrowings	2,130,565	–	–	2,130,565
Lease liabilities	381,103	1,403,034	920,939	2,705,076
	<u>3,438,351</u>	<u>1,403,034</u>	<u>920,939</u>	<u>5,762,324</u>
<b>31 March 2022 (Unaudited)</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding deferred grant income and sales and service tax)	762,376	–	–	762,376
Bank borrowings	2,091,399	–	–	2,091,399
Lease liabilities	368,028	1,398,936	834,188	2,601,152
	<u>3,221,803</u>	<u>1,398,936</u>	<u>834,188</u>	<u>5,454,927</u>

**28.3 Interest rate risk**

The Combined Group’s exposure to market risks for changes in interest rates relates primarily to interest-bearing borrowings as shown in Note 16 to the combined financial statements.

The Combined Group’s results are affected in interest rates due to the impact of such changes on interest expenses from interest-bearing borrowings which are floating interest rates. It is the Combined Group’s policy to obtain quotes from reputable banks to ensure that the most favourable rates are available to the Combined Group.

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rate risks for financial liabilities at the end of the reporting period. For floating liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 0.5% change in the interest rates from the end of each reporting period, with all variables held constant.

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**28. Financial instruments, financial risks and capital management (Continued)**

**28.3 Interest rate risk (Continued)**

*Interest rate sensitivity analysis (Continued)*

If the interest rate increases or decreases by 0.5%, the Combined Group’s profit or loss will decrease or increase by:

	(Increase)/Decrease Profit or Loss	
	31 December 2021 (Audited) RM	31 March 2022 (Unaudited) RM
Bank borrowings	10,346	10,156

**28.4 Capital management policies and objectives**

The Combined Group manages capital to ensure that it is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholders’ value.

Management reviews the capital structure to ensure that the Combined Group is able to service any debt obligations (including principal repayment and interest) based on operating cash flows.

Overall strategy remains unchanged during the financial period from 1 January 2021 to 31 March 2021 and financial period from 1 January 2022 to 31 March 2022.

The Combined Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debts. The Combined Group’s net debt includes trade and other payables (excluding deferred grant income), bank borrowings and lease liabilities less cash and bank balances. Equity attributable to the owners of the Combined Group comprises share capital, reserves and retained earnings.

	31 December 2021 (Audited) RM	31 March 2022 (Unaudited) RM
Trade and other payables	1,572,043	1,199,765
Bank borrowings	2,069,161	2,031,166
Lease liabilities	2,108,963	2,040,231
Less: Cash and bank balances	(1,106,126)	(1,124,444)
Net debt	4,644,041	4,146,718
Total equity	14,306,458	15,743,028
Total capital	18,950,499	19,889,746
Gearing ratio	25%	21%

The Combined Group did not have externally imposed capital requirements for the financial period from 1 January 2021 to 31 March 2021 and financial period from 1 January 2022 to 31 March 2022.

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**28. Financial instruments, financial risks and capital management (Continued)**

**28.5 Fair value of financial assets and financial liabilities**

The fair value 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 are determined in accordance with generally pricing models based on discounted cash flow analysis.

*Fair value hierarchy*

The Combined Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 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).

*Fair value of financial instruments carried at fair value*

The fair value of financial asset carried at fair value in relation to financial asset at FVTPL is disclosed in Note 9 to the unaudited interim condensed combined financial statements.

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM
<b>31 December 2021 (Audited)</b>			
Financial assets at FVTPL	7,211,890	–	–
<b>31 March 2022 (Unaudited)</b>			
Financial assets at FVTPL	7,373,641	–	–

There were no transfers between levels during the financial period from 1 January 2021 to 31 March 2021 and financial period from 1 January 2022 to 31 March 2022 and no changes in the valuation techniques of the various classes or financial assets and financial liabilities.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts approximate their fair values.

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**28. Financial instruments, financial risks and capital management (Continued)**

**28.5 Fair value of financial assets and financial liabilities (Continued)**

The carrying amounts of current financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The carrying amounts of the bank borrowings approximate their fair values as they are subjected to floating interest rates.

**28.6 Categories of financial instruments**

The following table sets out the financial instruments as at the end of the reporting periods:

	<b>31 December 2021 (Audited) RM</b>	<b>31 March 2022 (Unaudited) RM</b>
<b>Financial assets</b>		
At amortised cost	3,762,138	4,158,538
At FVTPL	7,211,890	7,373,641
	<u>10,974,028</u>	<u>11,532,179</u>
<b>Financial liabilities</b>		
At amortised cost	<u>5,104,807</u>	<u>4,833,773</u>

**29. Events after the reporting period**

**29.1 Changes in share constitution**

Pursuant to the shareholders’ resolutions passed by the shareholders on 15 November 2022, the shareholders approved, inter alia, the following:

- (a) adoption of the new constitution;
- (b) the allotment and issuance of 50,635 ordinary shares in the share capital of the Company pursuant to the restructuring exercise;
- (c) the share split was effected and the Company’s 51,385 ordinary shares were sub-divided into 72,560,000 ordinary shares. Pursuant to the share split, the issued and paid-up share capital of the Company became \$51,385, comprising 72,560,000 ordinary shares;
- (d) the allotment and issuance of the placement shares which are subject of the placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued ordinary shares;

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**29. Events after the reporting period (Continued)**

**29.1 Changes in share constitution (Continued)**

Pursuant to the shareholders’ resolutions passed by the shareholders on 15 November 2022, the shareholders approved, inter alia, the following: (Continued)

- (e) the approval of the listing and quotation of all the issued ordinary shares (including the placement shares to be issued and allotted pursuant to the placement, performance shares and option shares) to be issued (if any) on Catalist;
- (f) the adoption of the performance share plan of the Company;
- (g) the adoption of the share option scheme of the Company;
- (h) the authorisation for the directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to 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:
  - (A) (i) issue (in addition to the placement shares) ordinary shares whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options (collectively “Instruments”) that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into ordinary shares;
  - (B) notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such ordinary shares, issue new ordinary shares in pursuance of any Instruments made or granted by the directors while this authorisation was in force or additional Instruments arising from adjustments made to Instruments made or granted by the directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that:
    - (1) the aggregate number of new ordinary shares (including ordinary shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance to sub-paragraph (2) below), of which the aggregate number of ordinary shares to be issued (including ordinary shares to be issued pursuant to the Instruments) other than on a pro rata basis to existing shareholders shall not exceed 50.0% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);



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**29. Events after the reporting period (Continued)**

**29.1 Changes in share constitution (Continued)**

Pursuant to the shareholders’ resolutions passed by the shareholders on 15 November 2022, the shareholders approved, inter alia, the following: (Continued)

(h) the authorisation for the directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to 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: (Continued)

(B) notwithstanding this authorisation conferred may have ceased to be in force at the time of the issue of such ordinary shares, issue new ordinary shares in pursuance of any Instruments made or granted by the directors while this authorisation was in force or additional Instruments arising from adjustments made to Instruments made or granted by the directors while this authorisation was in force, provided that such adjustments do not give the holders a benefit that a shareholder does not receive provided that: (Continued)

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of ordinary shares (including ordinary shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of ordinary shares that may be issued shall be based on the post-placement issued share capital of the Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new ordinary shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new ordinary shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of ordinary shares;

(3) in exercising such authority, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

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**29. Events after the reporting period (Continued)**

**29.1 Changes in share constitution (Continued)**

Pursuant to the shareholders’ resolutions passed by the shareholders on 15 November 2022, the shareholders approved, *inter alia*, the following: (Continued)

- (i) without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue ordinary shares set out in paragraph (i) above, authorisation of the directors, pursuant to Section 161 of the Companies Act, to issue ordinary shares other than on a pro rata basis, at a discount of not more than 10.0% to the weighted average price of the ordinary shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on trades done on the preceding market day up to the time the placement or subscription agreement is signed), 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, provided that (unless revoked or varied by the Company in general meeting) the authority so conferred in this paragraph (i) 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 earlier.

**29.2 Recovery from COVID-19**

Global economic conditions are expected to continue recovering, aided by the progressive roll-out of mass vaccination programmes. However, ongoing concerns and uncertainties amid the fluidity of the COVID-19 situation worldwide remain a significant downside risk. In Malaysia, near-term growth will be impacted by existing containment measures implemented to curb the spread of COVID-19. Nevertheless, the domestic economy is projected to gradually improve in the longer-term, supported by the recovery in global demand as well as monetary and fiscal measures.

The Combined Group maintains a cautious stance on the near-term prospects of the commercial laboratory industry. The outlook for the industry remains uncertain. While the regional and local market has continued to register favorable recovery, challenges will persist in the coming year given the negative impact of the pandemic affecting our customers.

These unprecedented challenges will not deter us from carrying out the Group’s long term business strategies that will also help to expand our footprint into regional economies.

If the current COVID-19 situation prolongs, we will re-assess the scheduled timelines to meet the challenges ahead. The Group will continue to take proactive measures to optimise productivity and improve operational efficiency to manage this challenging operating environment. We will also assess any good business opportunities that may arise from this new normal that could complement existing businesses or provide new growth for the Group.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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The discussion below provides a summary of certain provisions in our Constitution. This description is only a summary and is qualified by reference to our Constitution, a copy of which will be made available at our registered office at 138 Robinson Road, #26-03, Singapore 068906.

### REGISTRATION NUMBER

We are registered in Singapore with ACRA. Our company registration number is 202225544C.

### SUMMARY OF OUR CONSTITUTION

#### 1. Directors

##### (a) Ability of interested directors to vote

###### *Regulation 92(1) – Powers of Directors to contract with Company*

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange or the Act. No Director shall vote in regard to any contract, arrangement or transaction, or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted.

###### *Regulation 92(2) – Relaxation of restriction on voting*

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to our Constitution or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

###### *Regulation 93(3) – Exercise of voting power*

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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### (b) Remuneration

#### *Regulation 88(1) – Fees*

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

#### *Regulation 88(2) – Extra remuneration*

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Regulation.

#### *Regulation 88(3) – Remuneration Of Director*

The fees (including any remuneration under Regulation 88(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

#### *Regulation 89 – Expenses*

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

#### *Regulation 90 – Pensions to Directors and dependants*

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

#### *Regulation 91 – Benefits for employees*

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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### *Regulation 96 – Remuneration Of Chief Executive Officer/Managing Director*

The remuneration of a Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to our Constitution be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

### *Regulation 105(1) – Alternate Directors*

Any Director of the Company may at any time appoint any person who is not a Director or Alternate Director and who is approved by a majority of his co-Directors to be his Alternate Director for such period as he thinks fit and may at any time remove any such Alternate Director from office. An Alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

## **(c) Borrowing**

### *Regulation 120 – Directors' borrowing powers*

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

## **(d) Retirement Age Limit**

There is no retirement age limit for Directors under our Constitution.

## **(e) Shareholding Qualification**

### *Regulation 87 – Qualifications*

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings.

## **2. Share rights, preferences and restrictions**

### *Regulation 4 – Issue of new shares*

Subject to the Act and our Constitution, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting pursuant to Section 161 of the Act but subject thereto and to Regulation 48, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (or, where permitted under the Act and the listing rules of the Exchange, for no consideration) and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and subject to the Act and the listing rules of the Exchange, any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors Provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same and in the provisions of our Constitution.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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### *Regulation 5(1) – Rights attached to certain shares*

Preference shares may be issued subject to such limitations thereof as may be prescribed by the Exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in our Constitution. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

### *Regulation 5(2) – Rights attached to certain shares*

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

### *Regulation 7(2) – Rights of preference shareholders*

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

### *Regulation 17(1) – Entitlement to certificate*

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed two Singapore dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the listing rules of the Exchange). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding two Singapore dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the listing rules of the Exchange) for each such new certificate as the Directors may determine. Where the Member is a Depositor, the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

### *Regulation 22(1) – Directors' power to decline to register*

There shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, byelaws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register as required by the Act and the listing rules of the Exchange.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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### *Regulation 48 – Rights and privileges of new shares*

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of our Constitution and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

### *Regulation 72(1) – Voting rights of Members*

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 7, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

### *Regulation 72(2)*

Every Member who is present in person or by proxy, attorney or representative shall have one (1) vote for each share which he holds or represents.

### *Regulation 72(3)*

Notwithstanding anything contained in our Constitution, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy-two (72) hours before the time of the relevant general meeting or such cut-off time as provided under the SFA (the “**Cut-Off Time**”), whichever is earlier, as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor’s Securities Account at the Cut-Off Time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the Cut-Off Time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor’s Securities Account as at the Cut-Off Time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

### *Regulation 73 – Voting rights of joint holders*

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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### *Regulation 74 – Voting rights of Members of unsound mind*

A Member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity, may vote, whether on a show of hands or on a poll, by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, but no person claiming to vote pursuant to this Regulation shall do so unless such evidence as the Directors may require of his authority shall have been deposited at the Office not less than seventy-two (72) hours before the time appointed for holding the meeting or such cut-off time as provided under the Act, whichever is earlier.

### *Regulation 75 – Right to vote*

Subject to the provisions of our Constitution, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a Member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum. Save as expressly provided herein or in the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy at any general meeting.

## **3. Change in capital**

### *Regulation 49(1) – Issue of new shares to Members*

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

### *Regulation 49(2)*

Notwithstanding Regulation 49(1) above but subject to the Act and the byelaws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (a) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (b) make or grant Instruments; and/or
- (c) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;



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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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provided that:

- (i) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits and complies with the manner of calculation prescribed by the Exchange;
- (ii) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Constitution; and
- (iii) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

### *Regulation 51(1) – Power to consolidate, cancel and subdivide shares*

The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:-

- (a) consolidate and divide all or any of its shares;
- (b) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
- (c) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such subdivision, one (1) or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (d) subject to the provisions of our Constitution and the Act, convert any class of shares into any other class of shares.

### *Regulation 51(2) – Repurchase of Company's shares*

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the “**Relevant Laws**”), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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### *Regulation 52 – Power to reduce capital*

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

#### **4. Variation of rights of existing shares or classes of shares**

### *Regulation 7(1) – Variation of rights*

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply, provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting. To every such separate general meeting, the provisions of our Constitution relating to general meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

### *Regulation 8 – Creation or issue of further shares with special rights*

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by our Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

#### **5. Any time limit after which dividend entitlement will lapse**

### *Regulation 132(1) – Unclaimed dividends*

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

### *Regulation 132(2)*

A payment by the Company to the Depositor of any dividend or other money payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

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## APPENDIX C – SUMMARY OF OUR CONSTITUTION

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### 6. Any limitations on right to own shares

#### *Regulation 12 – No trust recognised*

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by our Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

#### *Regulation 21 – Person under disability*

No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

#### *Regulation 49(1) – Issue of new shares to Members*

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

There are no limitations imposed by Singapore law or by our Constitution on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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### Legal Framework

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three (3) main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with ACRA certain electronic forms, including the constitutional documents which comprise its constitution.

The constitution of a Singapore-incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The constitution generally contains provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

### Shares

We have only one (1) class of shares, namely, our Shares, which have identical rights in all respects and rank equally with one another. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, the terms and manner of redemption being determined by our Directors.

We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

### New Shares

No Shares may be issued by our Directors without prior sanction of an ordinary resolution of our Company in a general meeting pursuant to the Companies Act.

### Shareholders

We maintain a register of Shareholders containing the particulars of our Shareholders. Only persons who are registered on our register of Shareholders and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. Except as required by law, no person shall be recognised by our Company as holding any share upon any trust and we will not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as provided by our Constitution or by law) any other rights in respect of any Share except an absolute right to the entirety thereof in the person (other than CDP) entered in the register of Shareholders as the registered holder thereof or (where the person entered in the register of Shareholders is CDP) the person whose name is entered in the Depository Register in respect of that Share. If any Share stands jointly in the names of two (2) or more persons, the person whose name stands first in the Depository Register shall as regards service of notices and, subject to the provisions of the Constitution, all or any other matters connected with our Company except with respect to the transfer of Shares, be deemed the sole holder thereof.

We may close our register of Shareholders for any period of time or periods of time as our Directors may, from time to time determine. However, the register may not be closed for more than thirty (30) days in aggregate in any calendar year. We typically close the register of Shareholders to determine our Shareholders' entitlement to receive dividends and other distributions.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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### Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or Catalist Rules or the rules or byelaws of the SGX-ST. Our Directors may decline to register any transfer of Shares which are not fully paid up to a transferee of whom they do not approve, or Shares on which we have a lien. Subject to our Constitution, Shares may be transferred by any Shareholder by a duly signed instrument of transfer in a form approved by the SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence as they may require to show the right of the transferor to make the transfer.

We will replace lost or destroyed certificates for Shares if the applicant pays a fee which will not exceed S\$2.00. In the case of destruction, loss or theft, a Shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to our Company all expenses incidental to the investigations by our Company of the evidence of such destruction or loss.

### General Meetings of Shareholders

We are required to hold an annual general meeting every year. Under our Constitution, for so long as the Shares of our Company are listed on Catalist, our annual general meeting shall be held within a period of not more than four (4) months after the immediate preceding financial year. Our Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting.

An ordinary resolution suffices, for example, for the appointment of Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Constitution, a change of our corporate name and a reduction in our share capital or capital redemption reserve fund. We must give at least twenty-one (21) days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least fourteen (14) days' notice in writing. For so long as the Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must specify the place, day and hour of the meeting and, in the case of special business, the general nature of that business.

### Voting Rights

A holder of our ordinary Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy or attorney. A proxy or attorney does not need to be a Shareholder. A Depositor will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP seventy-two (72) hours before the general meeting. Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Constitution, at any general meeting, every Shareholder present in person or by proxy shall have one (1) vote for each fully paid Share which he holds or represents. In the case of equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member, subject to the Companies Act and the requirements of the SGX-ST.

### Limitations on Rights to Hold Shares

Except as described in "Voting Rights" and "Take-overs and Substantial Shareholdings" in this section entitled "Description of our Shares", there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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### Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our Shareholders. Please refer to the section entitled “Bonus and Rights Issue” below.

All dividends are paid to our Shareholders in proportion to the amount paid-up on each Shareholder’s Shares, subject to any rights or restrictions attached to any Share or class of shares.

Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of Shareholders or (as the case may be) the Depository Register. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

### Bonus and Rights Issues

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company’s reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings.

Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms our Board shall think fit.

### Take-overs

Under the Singapore Take-over Code, issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting shares must extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any six-month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
  - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
  - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10.0% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
  - (i) the following persons and entities:
  - (ii) an individual;
  - (iii) the close relatives of (i);
  - (iv) the related trusts of (i);
  - (v) any person who is accustomed to act in accordance with the instructions of (i);
  - (vi) companies controlled by any of (i), (ii), (iii) or (iv); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

### **Liquidation or Other Return of Capital**

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

### **Indemnity**

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against all costs, charges, losses, expenses and liabilities incurred in (a) the execution and discharge of their duty in their respective offices unless such costs, charges, losses, expenses or liabilities arises as a result of any negligence, default, breach of duty or breach of trust on their part in relation to us, and (b) defending any proceedings, whether civil

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## APPENDIX D – DESCRIPTION OF OUR SHARES

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or criminal, relating to the affairs of our Company, in which judgement is given in their favour or in which they are acquitted or in connection with any application under the Companies Act in which relief is granted by the court unless such proceedings arise through his own negligence, default, breach of duty or breach of trust.

### Substantial Shareholdings

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one (1) or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the Authority (which are available at) of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two (2) Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

“**Percentage level**”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

### Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.



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## APPENDIX D – DESCRIPTION OF OUR SHARES

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Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (i) direct or prohibit any act or cancel or vary any transaction or resolution;
- (ii) regulate the conduct of our affairs in the future;
- (iii) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (iv) provide for the purchase of a minority shareholder's shares by our other shareholders or by us and, in the case of a purchase of shares by us, a corresponding reduction of our share capital;
- (v) in the case of a purchase of shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (vi) provide that we be wound up.

### **Treasury Shares**

The Constitution expressly permits our Company to purchase or acquire Shares or stocks of our Company and to hold such Shares or stocks (or any of them) as treasury Shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (a) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (b) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our company in general meeting. The aggregate number of Shares held as treasury Shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess Shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where Shares or stocks are held as treasury Shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those Shares or stocks.

Our Company shall not exercise any right in respect of the treasury Shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made, to our Company in respect of the treasury Shares. However, this would not prevent an allotment of Shares as fully paid bonus shares in respect of the treasury Shares or the subdivision or consolidation of any treasury Share into treasury Share of a smaller amount, if the total value of the treasury Shares after the subdivision or consolidation is the same as the total value of the treasury Shares before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury Shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

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## APPENDIX E – TAXATION

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*The following is a discussion of certain tax matters arising under the current tax laws in Singapore and Malaysia and is not intended to be and does not constitute legal or tax advice. The discussion is based on laws, regulations and interpretations now in effect and available as of the date of this Offer Document. These laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore and Malaysia could later disagree with the explanations or conclusions set out below.*

*The discussion is limited to a general description of certain Singapore and Malaysia income tax, capital gains tax, stamp duty and estate duty consequences with respect to the subscription for, purchase, ownership and disposal of our Shares and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of our Shares.*

*Prospective investors of our Shares should consult their own tax advisors concerning the tax consequences of subscribing for, purchasing, owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of our Shares.*

### TAXATION IN SINGAPORE

#### Individual Income Tax

An individual is a tax resident in Singapore in a year of assessment (“YA”) if, in the preceding calendar year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the individual.

Currently, Singapore tax resident individuals are subject to tax at progressive rates, ranging from 0% to 22%, after deduction of qualifying personal reliefs where applicable. The maximum tax rate will be increased to 24% with effect from YA 2024. Non-resident individuals are subject to Singapore income tax on their employment income accruing in or derived from Singapore at a flat rate of 15% or the resident rate, whichever is higher. Other non-employment income accruing in or derived from Singapore by non-resident individuals are taxed at 22%, and 24% with effect from YA 2024.

#### Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. It has generally been accepted that “Control and management” is the making of decisions on strategic matters, such as those on company policy and strategy. Typically, the location of the company’s board of directors’ meetings, during which strategic decisions are made, is a key factor in determining where the control and management is exercised. However, under certain scenarios, holding board meetings in Singapore may not be sufficient and other factors will be considered to determine if the control and management of the business is indeed exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from Singapore income tax if the following conditions are met:

- (i) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;

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## APPENDIX E – TAXATION

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- (ii) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and
- (iii) the Comptroller of Income Tax in Singapore is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore with respect to such conditions.

A non-resident corporate taxpayer is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore, subject to certain exceptions.

The prevailing corporate income tax rate in Singapore for both resident and non-resident companies is currently 17%. Under the Partial Tax Exemption (“PTE”), 75% of up to the first S\$10,000, and 50% of up to the next S\$190,000 of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate income tax. Further, new start-up companies are allowed for tax exemption, in their first three consecutive YAs, on 75% of up to the first S\$100,000, and 50% of up to the next S\$100,000, of their chargeable income otherwise subject to normal taxation. Any chargeable income in excess of S\$200,000 will be fully taxable at the prevailing corporate income tax rate.

### Dividend Distributions

All Singapore-resident companies are currently under the one-tier corporate tax system (“**one-tier system**”).

Dividends received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Shareholders/investors are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

### Gains on Disposal of Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. The determination of the nature of a gain is based on the various factors drawn from established case law principles, commonly known as “badges of trade test”.

Gains derived by companies from the disposal of ordinary shares in an investee company between 1 June 2012 to 31 December 2027 (both dates inclusive), subject to certain exceptions, are exempt from tax if immediately prior to the date of share disposal, the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. Where the exemption conditions are not met, the nature of the gain will be determined based on the badges of trade test.

Shareholders who apply, or who are required to apply, Singapore Financial Reporting Standards (“FRS”) 39 *Financial Instruments: Recognition and Measurement*, FRS 109 *Financial Instruments* or SFRS(I) 9 *Financial Instruments* (as the case may be) may for the purposes of Singapore income tax be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39, FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Shares is made.

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## APPENDIX E – TAXATION

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Shareholders are advised to consult their own accounting and tax advisers regarding the Singapore income tax consequences of their subscription for, ownership and disposal of our Shares.

### Stamp Duty

There is no stamp duty payable on the subscription for, allotment or ownership of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the agreement or instrument of transfer of our Shares at the rate of 0.2% of the consideration for, or market value of, our Shares, whichever is higher.

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an agreement or instrument of transfer is executed outside Singapore or no agreement or instrument of transfer is executed, no stamp duty is payable on the acquisition of our Shares. However, stamp duty may be payable if the agreement or instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP.

### Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

### Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where our Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to a person who belongs outside Singapore and for the direct benefit of a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a zero-rated supply, subject to the provisions of the GST legislation may be recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the allotment, issue or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the prevailing standard rate of 7.0%. The standard rate will be increased to 8% from 1 January 2023 and to 9% from 1 January 2024. Similar services rendered by a GST-registered person contractually to an investor belonging outside Singapore and for the direct benefit of either a person belonging outside Singapore (and that person is outside Singapore at the time of supply) or a GST-registered person who belongs in Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

## TAXATION IN MALAYSIA

### Tax Residence

Pursuant to the Income Tax Act 1967 of Malaysia, a company is regarded as resident in Malaysia for Malaysian tax purposes if control and management of its business is exercised in Malaysia. There is a considerable body of case law which shows that management and control will vest in the place where the directors meet and make major decisions. Pursuant to notices and directions issued by the MIRB, in

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## APPENDIX E – TAXATION

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practice, the MIRB will generally consider the location on which the company is carrying on a business or business is resident in Malaysia for the basis year for a year of assessment if at any time during that basis year the management and control of its business or of any one of its businesses, as the case may be, are exercised in Malaysia, when ascertaining a company's tax residence status.

### **Corporate Income Tax**

Malaysian resident companies are generally subject to Malaysian income tax at the prevailing corporate tax rate of 24.0% except for resident companies with a paid-up capital of RM2.5 million or less and is not related to a company (with direct or indirect relationship in respect of ordinary shares of more than 50.0%) with a paid-up capital of more than RM2.5 million at the beginning of the basis period and the gross income from a source or sources consisting of a business is not more than RM50 million for the relevant year of assessment which are entitled to a preferential tax rate of 17.0% on the first RM600,000 of chargeable income, with the balance being taxed at a rate of 24.0%. For the Year of Assessment 2022, a one-off corporate income tax rate of 33.0% (Cukai Makmur) will be charged on chargeable income exceeding RM100 million. Non-resident companies are subject to a flat corporate tax rate of 24.0% on their chargeable income.

### **Dividends**

Malaysia is currently under the single-tier tax system. Under the single-tier tax system, dividends paid, credited or distributed by a Malaysian resident company are exempt from Malaysian income tax in the hands of the shareholders. In addition, Section 108 of the Income Tax Act 1967 of Malaysia, states where a dividend is paid or credited by a Malaysia resident company to any of its shareholders in the basis period for a year of assessment, such company shall not be entitled to deduct tax from such dividend paid or credited.

### **Gains on Disposal of Ordinary Shares**

Gains from disposal of shares are regarded as capital gains and normally not subject to income tax except for shares held in real property companies (“RPC”) or if the gains arising from the disposal of the ordinary shares are construed to be of an income nature. Hence, any profits derived from the disposal of ordinary shares are not taxable in Malaysia unless the seller is regarded as having derived gains of an income nature, ie. carrying on of a trade or business in Malaysia, in which case the gains on disposal of the ordinary shares will be taxed under income tax; or if the shares are RPC shares the gain from disposal will be taxed under Real Property Gains Tax.

### **Withholding Tax**

No Malaysian withholding taxes are imposed on dividends paid from Malaysian resident companies to non-resident shareholders. Any interest paid by the Malaysian resident company to a non-Malaysian resident lender is generally subject to Malaysian withholding tax of 15.0%. The withholding tax rate may be reduced pursuant to the relevant 69 effective double taxation agreements. Under the agreement entitled “Agreement Between the Government of the Republic of Singapore and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income” effective from 1 January 2007, the withholding tax rate is reduced to 10.0% when the interest is paid by a Malaysian resident company to a Singapore tax resident.

### **Sales and Services Tax (“SST”)**

SST is made up of two (2) separate taxes namely sales tax and services tax. Sales tax is imposed on taxable goods sold by registered manufacturers in Malaysia or on imported goods at 10.0%, unless specially reduced to 5.0% or exempted under the Sales Tax (Goods Exempted from Tax) Order 2018. Service tax on the other hand is imposed on a specific list of taxable services which are provided under the Service Tax Regulations 2018 of Malaysia at the rate of 6.0%.

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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### **RULES OF THE LMS PERFORMANCE SHARE PLAN**

#### **1. NAME OF THE PLAN**

The Plan shall be called the “LMS Performance Share Plan”.

#### **2. DEFINITIONS**

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	:	The Companies Act 1967 of Singapore, as amended supplemented or modified from time to time
“Adoption Date”	:	The date on which the Plan was adopted by the Company in general meeting
“Associate”	:	Has the meaning assigned to it in the Catalist Rules
“Auditors”	:	The auditors of the Company for the time being
“Award”	:	A contingent award of Shares under Rule 5
“Award Letter”	:	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
“Board”	:	The board of directors of the Company for the time being
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The Remuneration Committee of the Company
“Company”	:	LMS Compliance Ltd.
“Constitution”	:	The constitution of the Company, as amended from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the company
“Controlling Shareholder”	:	A shareholder who:  (a) holds directly or indirectly 15.0% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a controlling shareholder); or  (b) in fact exercises control over the Company, unless otherwise determined
“Director”	:	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be
“Executive Director”	:	A Director who is an employee of the Company and/or its Subsidiaries and/or who performs an executive function

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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<i>“Group”</i>	:	The Company and its Subsidiaries
<i>“Group Employee”</i>	:	Any confirmed employee of the Company and/or its Subsidiaries (including an Executive Director who meets the relevant criteria and who shall be regarded as a Group Employee for the purposes of the Plan) selected by the Committee to participate in the Plan in accordance with Rule 4
<i>“Non-Executive Director”</i>	:	A Director who does not perform executive functions
<i>“Participant”</i>	:	A Group Employee or a Non-Executive Director who has been granted an Award
<i>“Performance Condition”</i>	:	In relation to an Award, the condition specified on the Award Date in relation to that Award
<i>“Performance Period”</i>	:	The period, as may be determined by the Committee at its discretion, during which the Performance Condition is to be satisfied
<i>“Plan”</i>	:	The LMS Performance Share Plan, as the same may be modified from time to time
<i>“Release”</i>	:	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
<i>“Release Schedule”</i>	:	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period
<i>“Released Award”</i>	:	An Award which has been released in accordance with Rule 7
<i>“Retention Period”</i>	:	Such retention period as may be determined by the Committee and notified to the Participant at the grant of the relevant Award to that Participant.
<i>“Rules”</i>	:	The rules of the Plan, as the same may be modified from time to time
<i>“SGX-ST”</i>	:	The Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	The registered holders for the time being of the Shares (other than CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Subsidiary”</i>	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Act

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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<i>“Trading Day”</i>	:	A day on which the Shares are traded on the SGX-ST
<i>“Vesting”</i>	:	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly
<i>“Vesting Date”</i>	:	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7
<i>“%”</i>	:	Per centum or percentage

- 2.2 The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively by Section 81 SF of the Securities and Futures Act 2001 of Singapore.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time unless otherwise stated.
- 2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted.
- 2.6 Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

### 3. OBJECTIVES OF THE PLAN

The Plan has been proposed in order to:

- (a) foster an ownership culture within our Group which aligns the interests of Participants with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to our Group;
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of our Group, and whose skills are commensurate with the Company’s ambition to become a world class company; and
- (d) attract business relationships and potential employees with the relevant skills to contribute to our Group and to create value for the Shareholders.



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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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### 4. ELIGIBILITY OF PARTICIPANTS

4.1 The following persons shall be eligible to participate in LMS Performance Share Plan at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time and who have, as of the Award Date, been in full time employment of our Group for a period of at least twelve (12) months (or in the case of any Executive Director, such shorter period as the Committee may determine); and
- (b) Non-Executive Directors (including independent Directors) who have attained the age of twenty-one (21) years, as of the Award Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors.

Directors and employees of the Company's parent company and its subsidiaries (other than the Company and the Subsidiaries) are not entitled to participate in the Plan.

There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within our Group.

4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the Plan provided that:

- (a) their participation; and
- (b) the actual or maximum number of Shares and terms of any Awards to be granted to them,

have been approved by independent Shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares and terms of any Awards to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of the Company for the participation in the Plan of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant. Controlling Shareholders and Associates of Controlling Shareholder(s) shall abstain from voting on any resolution in relation to their participation in the Plan.

4.3 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

### 5. GRANT OF AWARDS

5.1 Subject as provided in Rule 8, the Committee may grant Awards to Group Employees and Non-Executive Directors as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.

5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service, potential for future development, his contribution to the success and development of our Group and the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period.

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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- 5.3 The Committee shall decide in relation to an Award:
- (a) the Participant;
  - (b) the Award Date;
  - (c) the Performance Period;
  - (d) the number of Shares which are the subject of the Award;
  - (e) the Performance Condition;
  - (f) the Release Schedule; and
  - (g) any other condition which the Committee may determine in relation to that Award.
- 5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:
- (a) in the event of a take-over offer being made for the Shares or if under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
  - (b) if anything happens which causes the Committee to conclude that:
    - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
    - (ii) the Performance Condition and/or Release Schedule should be waived, and shall notify the Participants of such change or waiver.
- 5.5 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
  - (b) the Performance Period;
  - (c) the number of Shares which are the subject of the Award;
  - (d) the Performance Condition;
  - (e) the Release Schedule; and
  - (f) any other condition which the Committee may determine in relation to that Award.
- 5.6 Participants are not required to pay for the grant of Awards.
- 5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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### 6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (b) subject to Rule 6.2(b), upon the Participant ceasing to be in the employment of our Group for any reason whatsoever; or
- (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) where the Participant ceases to be in the employment of our Group by reason of:
  - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
  - (ii) redundancy;
  - (iii) retirement at or after the legal retirement age;
  - (iv) retirement before the legal retirement age with the consent of the Committee;
  - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group, as the case may be;
  - (vi) (where applicable) his transfer of employment between companies within our Group;
  - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within our Group;
  - (viii) the death of a Participant; or
  - (ix) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders of the Company and/or sanctioned by the court under the Act; or
- (c) an order being made or a resolution being passed for the winding-up of the Company (other than as provided in Rule 6.1(c) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

### 7. RELEASE OF AWARDS

#### 7.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Employee or a Non-Executive Director from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Employee or a Non-Executive Director from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or our Group, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1.1 and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such new Shares.

### 7.2 Release of Award

Subject to the prevailing legislation, on Vesting of the Award, after the end of each Performance Period, our Company has the discretion to determine whether to deliver Shares to Participants by way of: (i) an issue new Shares; (ii) a transfer of Shares then held by the Company in treasury; or (iii) a combination of (i) and (ii). Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

### 7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company (including provisions relating to voting, transfer of Shares and liquidation of the Company); and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

For the purposes of this Rule 7.3, “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

### 7.4 Moratorium

Shares which are allotted and issued or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

## 8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day preceding that date.
- 8.2 The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the Plan.
- 8.3 The number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant shall not exceed 10.0% of the Shares available under the Plan.
- 8.4 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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### 9. ADJUSTMENT EVENTS

9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-division of Shares, consolidation of Shares, capital distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested;
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan; and/or
- (c) the maximum number of Shares which may be issued pursuant to Awards granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that any adjustment must be made in such a way that a participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders of the Company (including any renewal of such mandate) is in force, or the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Shares pursuant to any share option schemes or share schemes of the Company (including the LMS Employee Share Option Scheme and this Plan, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be, in their opinion, fair and reasonable.

9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

9.5 The restriction on the number of Shares to be issued and/or transferred pursuant to Awards granted under the Plan under Rule 8 above, shall not apply to the number of additional Shares or Awards over additional Shares issued by virtue of any adjustment to the number of Shares and/or Awards pursuant to this Rule 9.

### 10. ADMINISTRATION OF THE PLAN

10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by our Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to him or held by him.

10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.

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## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

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- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with: (a) the lapsing of any Awards pursuant to any provision of the Plan; (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.
- 10.5 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Awards to be granted to him.

### 11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of dispatch.

### 12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters (3/4) in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;
  - (b) the definitions of “**Executive Director**”, “**Group Employee**”, “**Non-Executive Director**”, “**Participant**”, “**Performance Period**” and “**Release Schedule**” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the independent Shareholders in general meeting; and
  - (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

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## **APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN**

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12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

### **13. TERMS OF EMPLOYMENT UNAFFECTED**

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

### **14. DURATION OF THE PLAN**

14.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and, if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.

14.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

### **15. TAXES**

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

### **16. COSTS AND EXPENSES OF THE PLAN**

16.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

16.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including, but not limited to, the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

### **17. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including, but not limited to, the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c).



## APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN

### 18. DISCLOSURES IN ANNUAL REPORTS

The following disclosures (as applicable) will be made by the Company in its annual report to Shareholders for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) the information required in the table below in respect of the following Participants of the Plan:
  - (i) directors of the Company;
  - (ii) Controlling Shareholders and their Associates; and
  - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the Release of Awards granted under the Plan which, in aggregate, represent 5.0% or more of the aggregate of the total number of Shares available under the Plan:

Name of participant	Aggregate number of Shares comprised in Awards granted under the LMS Performance Share Plan during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of LMS Performance Share Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards issued and/or transferred pursuant to the vesting of Awards since commencement of the LMS Performance Share Plan to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review

- (c) such other information as may be required by the Catalist Rules or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included herein.

### 19. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan are to abstain from voting on any Shareholders' resolution relating to the Plan and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, all Shareholders who are eligible to participate in the Plan shall abstain from voting on the following resolutions, where applicable:

- (a) implementation of the Plan; and
- (b) participation by and grant of Awards to Controlling Shareholders and their Associates.

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## **APPENDIX F – RULES OF THE LMS PERFORMANCE SHARE PLAN**

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### **20. DISPUTES**

Any disputes or differences of any nature arising hereunder shall be referred to the Committee, and its decision shall be final and binding in all respects.

### **21. GOVERNING LAW**

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

### **22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001 OF SINGAPORE**

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

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## APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME

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### **RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

#### **1. NAME OF THE SHARE OPTION SCHEME**

The Share Option Scheme shall be called the “LMS Employee Share Option Scheme”.

#### **2. DEFINITIONS**

2.1 In the Share Option Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	:	The Companies Act 1967 of Singapore, as amended supplemented or modified from time to time
“Adoption Date”	:	The date on which the LMS Employee Share Option Scheme was adopted by the Company in general meeting
“Associate”	:	Has the meaning assigned to it in the Catalist Rules
“Auditors”	:	The auditors of the Company for the time being
“Board”	:	The board of directors of the Company for the time being
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, modified or supplemented from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The Remuneration Committee of the Company
“Company”	:	LMS Compliance Ltd.
“Constitution”	:	The constitution of the Company, as amended from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the company
“Controlling Shareholder”	:	A shareholder who:  (a) holds directly or indirectly 15.0% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (unless otherwise determined by the SGX-ST that a person who satisfies this sub-paragraph is not a controlling shareholder); or  (b) in fact exercises control over the Company, unless otherwise determined
“Director”	:	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be
“Executive Director”	:	A Director who is an employee of the Company and/or its Subsidiaries and/or who performs an executive function
“Exercise Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10

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## APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME

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- “Financial Year”* : Each period of twelve (12) months or more or less than twelve (12) months, at the end of which the balance of accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company
- “Grantee”* : The person to whom an offer of an Option is made
- “Group”* : The Company and its Subsidiaries
- “Group Employee”* : Any confirmed employee of the Company and/or its Subsidiaries (including an Executive Director who meets the relevant criteria and who shall be regarded as a Group Employee for the purposes of the LMS Employee Share Option Scheme) selected by the Committee to participate in the LMS Employee Share Option Scheme in accordance with Rule 4
- “LMS Employee Share Option Scheme”* : Our Group's employee share option scheme, as the same may be modified from time to time
- “Market Day”* : A day on which the SGX-ST is open for trading in securities
- “Market Price”* : The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Offer Date, provided always that in the case of a Market Day on which the Shares are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
- “Non-Executive Director”* : A Director who does not perform executive functions
- “Offer Date”* : The date on which an offer to grant an Option is made pursuant to the LMS Employee Share Option Scheme
- “Option”* : The right to acquire Shares granted or to be granted to a Group Employee or a Non-Executive Director pursuant to the LMS Employee Share Option Scheme and for the time being subsisting
- “Option Period”* : Subject as provided in Rules 11 and 15, the period for the exercise of an Option being:
- (a) in the case of an Option granted with the Exercise Price set at Market Price, a period beginning one (1) year from the Offer Date of that Option and expiring on the (i) tenth year in the case of an Option granted to Group Employees; and (ii) fifth year in the case of an Option granted to Non-Executive Directors, from the relevant Offer Date or such earlier date as may be determined by the Committee, subject to any other conditions as may be determined by the Committee from time to time; and

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## APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME

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- (b) in the case of an Option granted with the Exercise Price set at a discount to the Market Price, a period beginning two (2) years from the Offer Date of that Option and expiring on the (i) tenth (10th) year in the case of an Option granted to Group Employees; and (ii) fifth (5th) year in the case of an Option granted to Non-Executive Directors, from the relevant Offer Date or such earlier date as may be determined by the Committee, subject to any other conditions as may be determined by the Committee from time to time

<i>“Participant”</i>	:	A Group Employee or a Non-Executive Director who has been granted an Option
<i>“Record Date”</i>	:	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be)
<i>“Rules”</i>	:	The rules of the LMS Employee Share Option Scheme, as the same may be modified from time to time
<i>“SGX-ST”</i>	:	The Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	:	The registered holders for the time being of the Shares (other than CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Subsidiary”</i>	:	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Act
<i>“S\$”</i>	:	Singapore dollars
<i>“%”</i>	:	Per centum or percentage

- 2.2 The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the LMS Employee Share Option Scheme is a reference to Singapore time unless otherwise stated.
- 2.5 Any reference in the LMS Employee Share Option Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference in the LMS Employee Share Option Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted.
- 2.6 Any word defined under the Act or any statutory modification thereof and not otherwise defined in the LMS Employee Share Option Scheme and used in the LMS Employee Share Option Scheme shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

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## **APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

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### **3. OBJECTIVES OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

The LMS Employee Share Option Scheme will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of our Group and Non-Executive Directors who satisfy the eligibility criteria as set out in Rule 4 of the LMS Employee Share Option Scheme, to participate in the equity of the Company. The LMS Employee Share Option Scheme is primarily a share incentive scheme. It recognises the fact that the services of Group Employees and Non-Executive Directors are important to the success and continued well-being of our Group. Implementation of the LMS Employee Share Option Scheme will enable the Company to give recognition to the contributions made by such Group Employees and Non-Executive Directors. At the same time, it will give such Group Employees and Non-Executive Directors an opportunity to have a direct interest in the Company at no direct cost to the Company's profitability and will also help to achieve the following positive objectives:

- (a) to provide eligible Participants with an opportunity to participate in the growth and equity of the Company and to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees and Directors whose contributions are essential to the long-term growth and prosperity of our Group;
- (c) to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of our Group;
- (d) to attract business relationships and potential employees with the relevant skills to contribute to our Group and to create value for the Shareholders;
- (e) to reward and retain Executive Directors, Non-Executive Directors and employees whose services are vital to the success of our Group; and
- (f) to align the interests of Participants with the interests of the Shareholders.

### **4. ELIGIBILITY OF PARTICIPANTS**

4.1 The following persons shall be eligible to participate in the LMS Employee Share Option Scheme at the absolute discretion of the Committee:

- (a) Group Employees who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of our Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine; and
- (b) Non-Executive Directors (including independent Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors.

Directors and employees of the Company's parent company and its subsidiaries (other than the Company and the Subsidiaries) are not entitled to participate in the LMS Employee Share Option Scheme.

There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within our Group.

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## **APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

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4.2 Controlling Shareholders and their Associates who satisfy the criteria set out in Rule 4.1 above shall be eligible to participate in the LMS Employee Share Option Scheme provided that:

- (a) their participation; and
- (b) the actual or maximum number of Shares and terms of any Options to be granted to them,

have been approved by independent Shareholders of the Company at a general meeting in separate resolutions for each such person and, in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the actual or maximum number of Shares and terms of any Options to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent Shareholders of the Company for the participation in the LMS Employee Share Option Scheme of a Controlling Shareholder or his Associate who is, at the relevant time, already a Participant. Controlling Shareholders and Associates of Controlling Shareholder(s) shall abstain from voting on any resolution in relation to their participation in the LMS Employee Share Option Scheme.

4.3 Subject to the Act and any requirement of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the LMS Employee Share Option Scheme may be amended from time to time at the absolute discretion of the Committee.

### **5. MAXIMUM ENTITLEMENT**

Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for acquisition in accordance with the LMS Employee Share Option Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as rank, past performance, contribution to the success and development of our Group, years of service and potential development of the Grantee.

### **6. LIMITATION ON THE SIZE OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

6.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of all Options granted under the LMS Employee Share Option Scheme and the number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option, share incentive, performance share, restricted share plan or such other share schemes of the Company, shall not exceed 15.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the day immediately preceding the Offer Date of the Option.

6.2 The aggregate number of Shares which may be issued or transferred pursuant to Options under the LMS Employee Share Option Scheme to Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the LMS Employee Share Option Scheme.

6.3 The number of Shares which may be issued or transferred pursuant to Options under the LMS Employee Share Option Scheme to each Participant shall not exceed 10.0% of the Shares available under the LMS Employee Share Option Scheme.

### **7. OFFER DATE**

7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the LMS Employee Share Option Scheme is in force, except that no Options shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the third Market Day on which such announcement is released.

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## APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME

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7.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the “**Letter of Offer**”) in the form or substantially in the form set out in Annex 1, subject to such amendments as the Committee may determine from time to time.

### 8. ACCEPTANCE OF OFFER

8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date (a) by completing, signing and returning to the Company the acceptance form in or substantially in the form set out in Annex 2 (the “**Acceptance Form**”), subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration or such other amount and such other documentation as the Committee may require; and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the LMS Employee Share Option Scheme in accordance with these Rules.

8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.

8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice (as defined in Rule 12) given pursuant to Rule 12 which does not strictly comply with the terms of the LMS Employee Share Option Scheme.

8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee’s prior written approval, but may be transferred and exercised by: (i) the Grantee’s duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee; and (ii) a nominee who is nominated by the Grantee, of whom the Grantees is the sole beneficial owner, and in whose name the Shares issued pursuant to the LMS Employee Share Option Scheme may be registered, provided that evidence of such trust arrangement between the Grantee and such nominee has been provided to the satisfaction of the Committee.

8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall, within fifteen (15) Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.

8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.

8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:

- (a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period; or
- (b) the Participant dies prior to his acceptance of the Option; or
- (c) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
- (d) the Grantee, being a Group Employee, ceases to be in the employment of our Group or, being an Executive Director or Non-Executive Director, ceases to be a Director of our Group, in each case, for any reason whatsoever prior to his acceptance of the Option; or
- (e) the Company is liquidated or wound-up prior to the Grantee’s acceptance of the Option.



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### 9. EXERCISE PRICE

- 9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and shall be fixed by the Committee at: (a) the Market Price; or (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20.0% of the Market Price in respect of that Option.
- 9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:
- (a) the performance of the Company and/or our Group, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
  - (b) the years of service and individual performance of the eligible Group Employee or Non-Executive Director (including an independent Director);
  - (c) the contribution or potential contribution of the eligible Group Employee or Non-Executive Director (including an independent Director) to the success and development of the Company and/or our Group; and
  - (d) the prevailing market conditions.

### 10. ALTERATION OF CAPITAL

- 10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or capital reduction, sub-division, consolidation or distribution of Shares, or otherwise howsoever) should take place, then:
- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
  - (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
  - (c) the maximum entitlement in any one Financial Year; and/or
  - (d) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that, in their opinion, such adjustment is fair and reasonable.

- 10.2 Notwithstanding the provisions of Rule 10.1 above, any adjustment must be made in such a way that: (a) a participant will not receive a benefit that a Shareholder does not receive; and (b) the Remuneration Committee after considering all relevant circumstances considers it equitable to do so.
- 10.3 The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Catalist Rules, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.

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- 10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued or transferred by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.
- 10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year. Any adjustment shall take effect upon such written notification being given.

### 11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the first (1st) anniversary of the Offer Date of that Option, provided always that:

- (a) the Options granted to Group Employees (other than Non-Executive Directors) shall be exercised before the tenth (10th) anniversary of the relevant Offer Date; and
- (b) the Options granted to Non-Executive Directors shall be exercised before the fifth (5th) anniversary of the relevant Offer Date,

or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at anytime, by a Participant after the second (2nd) anniversary from the Offer Date of that Option, provided always that:

- (a) the Options granted to Group Employees (other than Non-Executive Directors) shall be exercised before the tenth (10th) anniversary of the relevant Offer Date, and
- (b) the Options granted to Non-Executive Directors shall be exercised before the fifth (5th) anniversary of the relevant Offer Date,

or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

- 11.3 An Option shall, to the extent unexercised, immediately and automatically lapse and become null and void and a Participant shall have no claim against the Company:

- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be in the employment of the Company or any of the companies within our Group for any reason whatsoever; or
- (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; if an Option was granted subject to certain conditions, restrictions or limitation, the date on which the Committee resolves that the Participant has failed to satisfy or comply with such conditions, restrictions or limitation; or
- (c) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

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For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

11.4 If a Participant ceases to be employed by our Group by reason of his:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after a normal retirement age; or
- (d) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by the Subsidiary:

- (a) by reason of the Subsidiary, by which he is principally employed, ceasing to be a company within our Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within our Group; or
- (b) for any other reason, provided the Committee gives its consent in writing, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also an Executive Director or a Non-Executive Director (as the case may be), ceases to be a Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

## 12. EXERCISE OF OPTIONS, ALLOTMENT OR TRANSFER AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Annex 3 (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

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### 12.2 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules and the Constitution,

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares and/or, as the case may be, procure the transfer of existing Shares (which may include, where desired, any Shares held by the Company as treasury shares and subsidiary holdings), in respect of which such Option has been exercised by the Participant and where required, or as the case may be, within five (5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.3 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.4 Shares which are all allotted or transferred on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of, or transferred to, CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a Depository Agent.

12.5 Shares allotted and issued, and existing Shares procured by the Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Constitution of the Company (including provisions relating to voting, transfer of Shares and liquidation of the Company) and shall rank pari passu in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

12.6 Except as set out in Rule 12 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.

### **13. ALTERATIONS AND AMENDMENTS TO THE LMS EMPLOYEE SHARE OPTION SCHEME**

13.1 Any or all of the provisions of the LMS Employee Share Option Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which, in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less 75.0% of the number of all the Shares which would fall to be issued and allotted or transferred upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the LMS Employee Share Option Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

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For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter the LMS Employee Share Option Scheme in any way to the extent necessary to cause the LMS Employee Share Option Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

### **14. DURATION OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

- 14.1 The LMS Employee Share Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the Adoption Date. Subject to compliance with any applicable laws and regulations in Singapore, the LMS Employee Share Option Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The LMS Employee Share Option Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the LMS Employee Share Option Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the LMS Employee Share Option Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

### **15. TAKE-OVER AND WINDING-UP OF THE COMPANY**

- 15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
- (i) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
  - (ii) the date of the expiry of the Option Period relating thereto;

whereupon any Option then remaining unexercised shall immediately lapse and become null and void, Provided Always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Options shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Options not so exercised by the said specified date shall lapse and become null and void provided that the offeror's rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Option Period.

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- 15.2 If, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, provided always that the date of exercise of any Option shall be before the tenth anniversary of the Offer Date.
- 15.3 If an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 15.4 In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall, subject to Rule 15.5, be entitled within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Option, after which such unexercised Option shall lapse and become null and void.
- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding-up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

### **16. ADMINISTRATION OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

- 16.1 The LMS Employee Share Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the LMS Employee Share Option Scheme) for the implementation and administration of the LMS Employee Share Option Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of the LMS Employee Share Option Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the LMS Employee Share Option Scheme or any rule, regulation, or procedure thereunder or as to any rights under the LMS Employee Share Option Scheme).
- 16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

### **17. NOTICES AND COMMUNICATIONS**

- 17.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.

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17.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

17.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 17.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of dispatch.

### **18. TERMS OF EMPLOYMENT UNAFFECTED**

18.1 The LMS Employee Share Option Scheme or any Option shall not form part of any contract of employment between the Company or any Subsidiary and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within our Group shall not be affected by his participation in the LMS Employee Share Option Scheme or any right which he may have to participate in it or any Option which he may hold and the LMS Employee Share Option Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

18.2 The LMS Employee Share Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company, or any Subsidiary.

### **19. TAXES**

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the LMS Employee Share Option Scheme shall be borne by the Participant.

### **20. COSTS AND EXPENSES OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with his Depository Agent and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.

20.2 Save for such costs and expenses expressly provided in the LMS Employee Share Option Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the LMS Employee Share Option Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment or transfer of the Shares pursuant to the exercise of any Option shall be borne by the Company.

### **21. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the LMS Employee Share Option Scheme including but not limited to the Company's delay or failure in issuing and allotting, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

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## **APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

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### **22. ABSTENTION FROM VOTING**

Shareholders who are eligible to participate in the LMS Employee Share Option Scheme are to abstain from voting on any Shareholders' resolution relating to the LMS Employee Share Option Scheme and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, Shareholders who are eligible to participate in the LMS Employee Share Option Scheme shall abstain from voting on the following resolutions, where applicable:

- (a) implementation of the LMS Employee Share Option Scheme;
- (b) the maximum discount which may be given in respect of any Option; and
- (c) participation by and grant of Options to Controlling Shareholders and their Associates.

### **23. DISPUTES**

Any disputes or differences of any nature in connection with the LMS Employee Share Option Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

### **24. CONDITION OF OPTION**

Every Option shall be subject to the condition that no Shares shall be issued or transferred pursuant to the exercise of an Option if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue and/or transfer of Shares hereto.

### **25. GOVERNING LAW**

The LMS Employee Share Option Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company and the Participants, by accepting the offer of the grant of Options in accordance with the LMS Employee Share Option Scheme, shall submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

### **26. DISCLOSURE IN ANNUAL REPORT**

The following disclosures shall be made by the Company in its annual report to Shareholders for so long as the LMS Employee Share Option Scheme continues in operation:

- (a) the names of the members of the Committee;
- (b) the information required in the table below in respect of the following Participants of the LMS Employee Share Option Scheme:
  - (i) Directors of the Company;
  - (ii) Controlling Shareholders and their Associates; and



## APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME

- (iii) Participants, other than those in (i) and (ii) above, who receive 5.0% or more of the total number of Options available under the LMS Employee Share Option Scheme:

Name of participant	Options granted under the LMS Employee Share Option Scheme during the financial year under review (including terms)	Aggregate Options granted since commencement of the LMS Employee Share Option Scheme to end of financial year under review	Aggregate Options exercised since commencement of the LMS Employee Share Option Scheme to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

- (c) the number and proportion of Options granted at the following discounts to the Market Price in the financial year under review:
- (i) Options granted at up to 10.0% discount; and
  - (ii) Options granted at between 10.0% but not more than 20.0% discount; and
- (d) such other information as may be required by the Catalist Rules or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included herein.

### 27. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001 OF SINGAPORE

No person other than the Company or a Participant shall have any right to enforce any provision of the LMS Employee Share Option Scheme or any Options by virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

**LMS EMPLOYEE SHARE OPTION SCHEME**

**LETTER OF OFFER**

Serial No.: \_\_\_\_\_

**PRIVATE AND CONFIDENTIAL**

Date:

To: [Name]  
[Designation]  
[Address]

Dear Sir/Madam

1. We are pleased to inform you that you have been nominated by the Remuneration Committee of the Board of Directors of LMS Compliance Ltd. (the “**Company**”) to participate in the LMS Employee Share Option Scheme (the “**LMS ESOS**”). Terms as defined in the LMS ESOS shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00 to acquire \_\_\_\_\_ ordinary shares in the capital of the Company, an offer is hereby made to grant you an option (the “**Option**”), to subscribe for and be allotted and issued ordinary shares at the price of S\$ \_\_\_\_\_ per ordinary share.
3. The Option shall be subject to the terms of this Letter of Offer and the LMS ESOS (as the same may be amended from time to time pursuant to the terms and conditions of the LMS ESOS), a copy of which is enclosed herewith.
4. The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever, except with the prior approval of the Committee.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than \_\_\_\_\_ a.m/p.m. on failing which this offer will lapse.

Yours faithfully  
For and on behalf of  
**LMS COMPLIANCE LTD.**

\_\_\_\_\_  
Name:  
Designation:

**LMS EMPLOYEE SHARE OPTION SCHEME**

**ACCEPTANCE FORM**

Serial No.: \_\_\_\_\_

To: The Remuneration Committee  
LMS Employee Share Option Scheme c/o The Company Secretary  
LMS Compliance Ltd. (the “**Company**”)  
[Address]

Closing Date for Acceptance of Offer : \_\_\_\_\_  
Number of Shares Offered : \_\_\_\_\_  
Exercise Price for each Share : S\$ \_\_\_\_\_  
Total Amount Payable : S\$ \_\_\_\_\_

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms of the Letter of Offer and the LMS ESOS referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for \_\_\_\_\_ Shares at S\$ \_\_\_\_\_ for each Share.

I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to acquire such shares.

I also understand that I shall be responsible for all the fees of The Central Depository (Pte) Limited (the “**CDP**”) relating to or in connection with the issue and allotment or transfer of any Shares in CDP’s name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the “**CDP charges**”), and any stamp duties in respect of.

I confirm that as at the date hereof:

- (a) I am not less than 21 years old, nor an undischarged bankrupt, nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the LMS ESOS as defined in Rule 4 of the LMS ESOS; and
- (c) I satisfy the other requirements to participate in the LMS ESOS as set out in the Rules of the LMS ESOS.

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## APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME

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I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC / Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate

**Notes:**

- (1) *Option must be accepted in full or in multiples of 100 Shares.*
- (2) *The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".*
- (3) *The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.*

**LMS EMPLOYEE SHARE OPTION SCHEME**

**EXERCISE NOTICE**

Serial No.: \_\_\_\_\_

To: The Remuneration Committee  
LMS Employee Share Option Scheme c/o The Company Secretary  
LMS Compliance Ltd. (the “**Company**”)  
[Address]

Total number of ordinary shares of LMS :  
Compliance Ltd. (the “**Shares**”) offered at  
S\$ \_\_\_\_\_ for each Share (the “**Exercise**  
**Price**”) under the LMS Employee Share Option  
Scheme on \_\_\_\_\_ (date of grant) \_\_\_\_\_

Number of Shares previously issued or transferred :  
thereunder \_\_\_\_\_

Outstanding balance of Shares to be allotted or :  
issued or transferred thereunder \_\_\_\_\_

Number of Shares now to be acquired (in :  
multiples of 100) \_\_\_\_\_

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ (the “**Offer Date**”) and my acceptance thereof, I hereby exercise the Option to acquire Shares in LMS Compliance Ltd. (the “**Company**”) at S\$ \_\_\_\_\_ per Share.

2. I hereby request the Company to allot and issue or transfer the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited (“**CDP**”) to the credit of my \*Securities Account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the “**CDP charges**”) and any stamp duties in respect thereof.

\*(a) Direct Securities Account Number : \_\_\_\_\_

\*(b) Securities Sub-Account Number : \_\_\_\_\_

Name of Depository Agent : \_\_\_\_\_

3. I enclose a \*cheque/cashier’s order/banker’s draft/postal order no. \_\_\_\_\_ for S\$ \_\_\_\_\_ in payment for the Exercise Price of S\$ \_\_\_\_\_ for the total number of the said Shares and the CDP charges of S\$ \_\_\_\_\_ (if any) by way of subscription for the total number of the said Shares.

4. I agree to acquire the Shares subject to the terms of the Letter of Offer, the LMS Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.

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**APPENDIX G – RULES OF THE LMS EMPLOYEE SHARE OPTION SCHEME**

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5. I declare that I am acquiring the Shares for myself and not as a nominee for any other person.
6. I agree to keep all information pertaining to the grant of the Option to me confidential.

**PLEASE PRINT IN BLOCK LETTERS**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC / Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

\* Delete as appropriate

**Notes:**

- (1) *An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.*
- (2) *The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".*

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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### TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price for each Placement Share, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for the Placement Shares may only be made by way of the Application Form or other such forms of application as the Sponsor and Issue Manager and/or the Placement Agent may deem appropriate.
3. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.**
4. **You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Placement Shares. Any separate application by you for the Placement Shares shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor and Issue Manager, and the Placement Agent, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary.**

**If you, not being an approved nominee company, have submitted an application for the Placement Shares in your own name, you should not submit any other application for the Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor and Issue Manager, and the Placement Agent.**

**Joint and/or multiple applications for the Placement Shares may be rejected at the discretion of our Company, the Sponsor and Issue Manager, and the Placement Agent. If you submit or procure submissions of multiple share applications for the Placement Shares, you may be deemed to have committed an offence under the Penal Code 1871 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary, may be rejected at the discretion of our Company, the Sponsor and Issue Manager, and the Placement Agent.**

By completing and delivering the Application Form, you declare that you do not possess more than one (1) individual direct Securities Account with CDP.

5. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Form or, in the case of Electronic Applications, contained in the records of the relevant participating banks) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of a deceased at the time of application.
6. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 7 below.
7. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, and insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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8. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 9 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one (1) individual direct Securities Account with CDP, your application shall be rejected.
9. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondences from CDP will be sent to your address last registered with CDP.**
10. **Our Company, in consultation with the Sponsor and Issue Manager, and the Placement Agent, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance or remittances which are not honoured upon their first presentation.**

**Each of our Company, the Sponsor and Issue Manager, and the Placement Agent further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

**Without prejudice to the rights of our Company, the Sponsor and Issue Manager, and the Placement Agent, as agents of our Company, have been authorised to accept, for and on behalf of our Company such other forms of application as the Sponsor and Issue Manager, and the Placement Agent deem appropriate.**

11. Our Company, in consultation with the Sponsor and Issue Manager, and the Placement Agent, reserves the right to reject or accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision of our Company, will be entertained. In deciding the basis of allotment which shall be at our discretion, in consultation with the Sponsor and Issue Manager, and the Placement Agent, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
12. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the Placement Shares, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Sponsor and Issue Manager, and the Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the Placement Shares allotted to you.
13. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgment of such supplementary or replacement offer document.



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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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14. Where prior to the lodgment of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:
- (a) where the Placement Shares have not been allotted and issued to the applicants, we shall either:
    - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
    - (ii) within seven (7) days from the date of the lodgment of the supplementary or replacement offer document, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application; or
    - (iii) (A) treat your application as withdrawn and cancelled, in which case your application shall be deemed to have been withdrawn and cancelled, and (B) within seven (7) days from the date of lodgment of the supplementary or replacement offer document, return all monies you have paid on account of your application for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk and you shall not have any right or claim against our Company, the Sponsor and Issue Manager and/or the Placement Agent; or
  - (b) where the Placement Shares have already been allotted and issued but trading has not commenced, we shall either:
    - (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgment of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the same, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
    - (ii) within seven (7) days from the date of lodgment of the supplementary or replacement offer document, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in and without any right to claim against our Company, the Sponsor and Issue Manager and/or the Placement Agent; or
    - (iii) (A) treat the issue of the Placement Shares as void in which case the issue of the Placement Shares shall be deemed void, and (B) within seven (7) days from the date of lodgment of the supplementary or replacement offer document, as the case may be, return all monies paid on account of your application for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at your own risk, and you shall not have any right or claim against our Company, the Sponsor and Issue Manager and/or the Placement Agent.

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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An applicant who wishes to exercise his option under paragraph 14(a)(i) or (ii) above to withdraw his application shall, within 14 days from the date of lodgment of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and/or the Placement Agent.

An applicant who wishes to exercise his option under paragraph 14(b)(i) or (ii) above to return the Placement Shares issued to him shall, within 14 days from the date of lodgment of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company, the Sponsor and Issue Manager and/or the Placement Agent.

Additional terms and instructions applicable upon the lodgment of the supplementary or replacement offer document, including instructions on how you can exercise the option to withdraw your application or return the Placement Shares allotted to you, may be found in such supplementary or replacement offer document.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Sponsor and Issue Manager, and the Placement Agent and any other parties so authorised by the foregoing persons.
16. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Placement Agent or its designated sub-placement agent by way of an Application Form or such other forms of application as the Sponsor and Issue Manager, and the Placement Agent deem appropriate.
17. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
  - (a) irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each Placement Share and agree that you will accept such Placement Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution;
  - (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable to our Company upon your application;
  - (c) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company, the Sponsor and Issue Manager, and the Placement Agent in determining whether to accept your application and/or whether to allot any Placement Shares to you;
  - (d) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent residency status, CDP Securities Account number, share application amount, the outcome of your application (including the number of Placement Shares allotted to you pursuant to your application) and other personal data (“**Personal Data**”) to the Share Registrar, Securities Clearing and Computer Services (Pte) Ltd (“**SCCS**”), the SGX-ST, CDP, our Company, the Sponsor and Issue Manager, and the Placement Agent and/or other authorised operators (collectively,

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## APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

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the “**Relevant Persons**”), for the purpose of facilitating your application for the Placement Shares, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Persons of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Persons may do anything or disclose any Personal Data or matters without notice to you if the Relevant Persons consider them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”). If any Personal Data is transferred to a country or territory outside of Singapore, the Relevant Persons will ensure that the recipient of the Personal Data provides a standard of protection that is comparable to the protection which Personal Data enjoys under the laws of Singapore, and where these countries or territories do not have personal data protection laws which are comparable to that is Singapore, the Relevant Persons will enter into legally enforceable agreements with the recipients to ensure that they protect the Personal Data to the same standard as required under the laws of Singapore; and

- (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor and Issue Manager and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.
18. Our acceptance of applications will be conditional upon, among others, our Company, the Sponsor and Issue Manager, and the Placement Agent, being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the listing and quotation of all our existing Shares, the Placement Shares, the ZC Shares, the Award Shares and the Option Shares on Catalist;
  - (b) the Management and Sponsorship Agreement and the Placement Agreement referred to in the section entitled “Plan of Distribution – Sponsorship, Management and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
  - (c) the Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or any other competent authority, has not issued a stop order under the SFA (“**Stop Order**”) which directs that no further shares to which this Offer Document relates be allotted or issued.
19. In the event that a Stop Order pursuant to Section 242 of the SFA is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or other competent authority and applications to subscribe for the Placement Shares have been made prior to the Stop Order, and:
- (a) in the case where the Placement Shares have not been issued, we will (as required by law), and subject to the SFA, deem all applications withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

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- (b) in the case where the Placement Shares have been issued but trading has not commenced, the issue of the Placement Shares shall (as required by law) be deemed void, and our Company shall, within 14 days from the date of the Stop Order, refund all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk), and

you shall not have any claims against our Company, the Sponsor and Issue Manager, and the Placement Agent.

This shall not apply where only an interim Stop Order has been served.

20. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or other competent authority, no Placement Shares shall be issued during the time when the interim Stop Order is in force.
21. The Authority, the SGX-ST, acting as agent on behalf of the Authority (to the extent applicable) or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed for quotation on a securities exchange and trading in the Placement Shares has commenced.
22. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the internet at the SGX-ST website (<http://www.sgx.com>) and/or through a paid advertisement in a major English language newspaper in Singapore.
23. We will not hold any application in reserve.
24. We will not allot Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
25. Additional terms and conditions for applications by way of Application Form are set out in the section entitled “Additional Terms and Conditions for Application using Application Form” below.
26. All payments in respect of any application for the Placement Shares and any refund, shall be made in S\$.
27. No person in any jurisdiction outside Singapore receiving this Offer Document or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Placement Shares unless such offer or invitation could lawfully be made without compliance with any regulatory requirements in those jurisdictions.

### ADDITIONAL TERMS AND CONDITIONS FOR APPLICATION USING APPLICATION FORM

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the “**TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE**” section in Appendix H of this Offer Document as well as the Constitution.

1. Your application must be made using the Application Form for Placement Shares accompanying and forming part of this offer document, or in such other manner as the Sponsor and Issue Manager, and the Placement Agent may in their absolute discretion deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.

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We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, the Sponsor and Issue Manager, and the Placement Agent reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn up remittances or improper form of remittances or remittances which are not honoured upon their first presentation.**

2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Form, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar. Our Company, the Sponsor and Issue Manager, and the Placement Agent reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
  - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
  - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
  - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations.

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. The completed and signed Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to LMS COMPLIANCE LTD.**

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**C/O B.A.C.S. PRIVATE LIMITED, 77 ROBINSON ROAD, #06-03, ROBINSON 77, SINGAPORE 068896, to arrive by 12.00 noon on 29 November 2022 or such other time as our Company may, in consultation with the Sponsor and Issue Manager, and the Placement Agent, in its absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of the Placement Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**LMS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name, CDP Securities Account Number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. We reserve the right to reject any application which is accompanied by combined Banker's Draft or Cashier's Order for different CDP Securities Accounts. No acknowledgement or receipt will be issued by our Company, or the Sponsor and Issue Manager, and the Placement Agent for applications and application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management and Sponsorship Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of the Stop Order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Form and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and Issue Manager, and the Placement Agent and/or any party involved in the Placement, and if, in any event our Company, and/or the Sponsor and Issue Manager, and Placement Agent do not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor and Issue Manager, and the Placement Agent and/or any party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:
  - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 29 November 2022** or such other time or date as our Directors may, in consultation with the Sponsor and Issue Manager, and the Placement Agent in their absolute discretion, decide:
    - (i) your application is irrevocable; and
    - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

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- (b) neither our Company, the Sponsor and Issue Manager, and the Placement Agent nor any other party involved in the Placement will be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
  - (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
  - (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
  - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
  - (f) in making your application, reliance is placed solely on the information contained in this Offer Document and none of our Company, the Sponsor and Issue Manager, the Placement Agent nor any other person involved in the Placement shall have any liability for any information not so contained;
  - (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
  - (h) you irrevocably agree and undertake to subscribe for the number of the Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company, the Sponsor and Issue Manager or the Placement Agent decide to allot any smaller number of the Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final; and
  - (i) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Placement Shares that may be allotted to you.
12. By completing and delivering the Application Form, you declare that you do not possess more than one (1) individual direct Securities Account with CDP.





